2023 ANNUAL REPORT

CRÉDIT AGRICOLE

Crédit Agricole Italia Banking Group

REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2023

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FOREWORD BY THE CHAIRMAN

In 2023, the **Italian economy** again posted GDP growth (+0.7%) at a faster pace than the EMU average (+0.5%), as it did in the previous year. That growth resulted from the positive contribution of domestic demand, which proved a decisive driver of growth, thanks not only to the boost in investments, but also to consumption stability. Italy's economic growth took place in a global scenario still featuring uncertainty factors, including persistent inflation, the continuation of the Russia-Ukraine war and the worsening tension between Israel and Palestine.

In 2023, the **Italian banking scenario** was affected by the restrictive policies deployed by the monetary authority to fight inflation, with repercussions on credit demand and supply, as well as on the profitability of credit institutions. The high **capitalization** levels give evidence of the system's ability to handle extreme recession situations, as proved by the excellent results achieved in the stress testing exercises conducted by the EBA and the ECB in the first part of the year, which were higher than those of other European banks.

The implementation of Italy's **National Recovery and Resilience Plan** successfully continued; the plan remains a key driver of future growth and thanks to it Italy has already obtained over 100 billion Euros, proving the only Country that is ahead of schedule to obtain the fifth instalment amounting to 10.6 billion Euros. The Plan's success will be crucial in order for Italy to win the challenges posed by the digital and ecological transition which is a must for all sectors of the economy no one excepted.

In 2023, the **Crédit Agricole Italia Banking Group** achieved statutory consolidated net income of 708 million Euros, by +26.8% vs. the previous year. Excluding the impact of non-recurring components, the achieved increase came to +63.7% YoY. It is a material contribution to the performance of Crédit Agricole in Italy, which, thanks to its entities, achieved an aggregate net profit of 1 billion and 310 million Euros (up by +19% YoY) with approximately 100 billion Euros in loans to the economy.

Evidence of the Group's **capital strength** is given by its fully loaded Common Equity Tier 1 ratio increasing to 13.5% and its Total Capital Ratio standing at 18.6%, with a buffer well above the minimum requirements assigned by the ECB. Furthermore, Moody's confirmed its rating of Crédit Agricole Italia, the highest one in the Italian banking system, raising the outlook to stable. CA Italia's reliability was appreciated by the market upon the issuance of its **Premium Label Covered Bond** in June.

In 2023, a very distinctive aspect was the commitment to promoting policies and tangible actions aimed at enhancing and fine-tuning corporate welfare, in order to provide support to our people and their families in facing the challenges that have arisen in the last few years. To support their purchasing power, together with the Trade Unions, a new package of tangible measures was defined, including an **extraordinary welfare contribution** of 500 Euros paid to all the Group's employees, except for senior managers, subsidized terms and conditions on mortgage loans and loans and the healthcare contribution paid by the Company raised to 800 Euros. Moreover, the agreement on the 2023 **company bonus** was signed, and the bonus, which will be paid in 2024, has been set, for the average target position, at 1,900.00 Euros and is based on several performance indicators linked to the Group's performance.

On top of the aforementioned measures, **parental leave for fathers has been raised** taking it to 20 days 100% paid, which will hit a total of 28 days in 2024. In addition, for each child between one and three years old, an **annual contribution** of one thousand Euros was given under the welfare scheme to be used to cover daycare fees.

Furthermore, the initiatives aimed at diversity inclusion and enhancement played a key role. The Group has obtained the **Gender Equality Certification** from Bureau Veritas, a leading certifier worldwide, and has signed the **Memorandum of Understanding between the Italian Government's Department for Equal Opportunities and the Italian Banking Association (ABI)** on preventing and combating violence against women and domestic violence. These initiatives are steps along a path that Crédit Agricole Italia started on over 10 years ago through social inclusion and work-life balance projects, training programmes and career development plans for women (with the goal of reaching 40% of responsibility positions held by women by 2025), tangible actions on the gender pay gap and the implementation of Diversity-related items and values also in the performance review system.

Being fully aware that building a future that is more and more inclusive and rich in opportunities cannot but be based also on young people, the Group hired about **630 new employees**. Of these, about 550 are young people under 35 years old, consistently with the Group' "**Next Generation**" generational turnover plan. Yet another step forward in the implementation of our "**People Project**", which aims at driving our organizational, cultural and managerial transformation and is a key block in our 2022-2025 Medium Term Plan.

The strong dynamism inside the Group is evidence of its vigour, which also translated in important initiatives aimed at supporting Italy's economic fabric. In order to support the growth of Italian enterprises, in 2023 the Group launched two **Private Equity** investment funds: the **Fondo APEI - Private Equity CA Italia**, whereby the Group assists medium-sized enterprises in their development, strengthening, internationalization and generational turnover, and the "**Ambition Agri Agro Investissement**" fund, whereby the Bank invests in both French and Italian businesses that operate in the agri-food sector. Once again in 2023, Crédit Agricole Italia was the leading bank in the agri-food sector, playing a decisive role in the achievement of the agreement between **Fiere di Parma and Fiera Milano** for a harmonized management of the Cibus and Tuttofood agri-food trade fairs. This is a big achievement, not only for the Italian trade fair industry, but for the agri-food sector as a whole.

Worth mentioning are also the partnerships with the main trade associations and the role played by the **Les Villages** network, which now have over 150 resident startups and give an important contributions to their partner firms in terms of innovation. To be mentioned is also the agreement signed by Crédit Agricole Italia with the **European Investment Bank (EIB)** to support small and medium enterprises and farming businesses with an allocated amount of 400 million Euros. Part of these new resources, over 25%, shall be used to achieve environmental sustainability and energy transition goals.

It is no coincidence that the Group has always put ESG matters at the centre of its strategy, steering its business in that direction and extending the range of products and services designed to assist its customers in their path towards sustainability. Having joined the **Net Zero Banking Alliance**, and following the additional measures adopted in December 2023 by Crédit Agricole to accelerate its climate strategy, the Group continued to pursue the climate goals it has committed to. A tangible example of this was the go-live of a specific range of residential and commercial mortgage loans designed to assist both individuals and businesses in their transition.

Once again in 2023 the Group proved committed to supporting the regions and communities it operates in, working alongside its shareholder **Foundations**. Besides the setting up of the Sicily and Northeast Regional Committees, measures were deployed to mitigate the effects of the natural disasters that hit wide areas of Italy during the year. Amongst these, successful completion was achieved of the fundraising campaign promoted by the Italian Red Cross to handle the emergency that hit the Emilia-Romagna region and of the Crédit Agricole for Dream project, whereby the Group, in cooperation with its shareholder Foundations, identified innovative ideas throughout Italy in terms of social inclusion and fight against climate change.

In 2023 the Bank posted very good results, as proved by its strong financial performance. That could be archived thanks to all our employees, who, with their engagement and skills, gave an essential contribution to the growth and success of the Group, which is now a leading player and trusted partner in the Italian banking scenario. The measures deployed for people, for the energy transition, environmental sustainability and innovation are the means whereby we proactively contributed all together to building the future of the regions we operate in.

The Chairman
Ariberto Fassati

CORPORATE OFFICERS AND INDEPENDENT AUDITORS

Board of Directors

CHAIRMAN

Ariberto Fassati

DEPUTY-CHAIRPERSONS

Annalisa Sassi

Olivier Gavalda(^)

CHIEF EXECUTIVE OFFICER

Giampiero Maioli(*)

DIRECTORS

Evelina Christillin(°)

Anna Maria Fellegara(°)

Lamberto Frescobaldi Franceschi Marini(°)

Gino Gandolfi

Christine Gandon

Nicolas Langevin

Hervé Le Floc'h(*)

Michel Le Masson(*)

Michel Mathieu(*)(**)

Gaëlle Regnard(*)

Marco Stevanato(°)

(^) In office since 23 March 2023.
(*) Members of the Executive Committee.
(**) Director Michel Mathieu resigned from office effective as of 8 January 2024.
(°) Independent Directors.

Board of Auditors

CHAIRMAN

Luigi Capitani

STANDING AUDITORS

Maria Ludovica Giovanardi

Francesca Michela Maurelli

Germano Montanari

Enrico Zanetti

ALTERNATE AUDITORS

Alberto Guiotto

Chiara Perlini

General Management

CO-GENERAL MANAGER

Roberto Ghisellini

RETAIL BANKING AND DIGITAL DEPUTY GENERAL MANAGER

Vittorio Ratto

RISK AND COMPLIANCE DEPUTY GENERAL MANAGER

Giliane Coeurderoy

MANAGER IN CHARGE OF THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

Pierre Débourdeaux

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

KEY FIGURES OF THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

Income Statement highlights (thousands of Euros) (*)	2023	2022	2021
Operating income	3,060,853	2,579,180	2,526,932
Operating margin	1,355,820	917,978	859,697
Net profit (loss)	708,185	432,612	354,650

Balance Sheet highlights (°) (thousands of Euro)	2023	2022	2021
Loans to Customers	69,433,503	75,995,595	77,799,539
Of which securities measured at amortized cost	*5,414,031*	*12,538,328*	*12,806,752*
Funding from Customers	76,160,617	72,184,520	74,682,621
Indirect funding from Customers	92,888,389	87,172,475	93,403,923

Operating structure	2023	2022	2021
Number of employees	12,533	12,671	13,096
Number of branches	1,014	1,123	1,230

Profitability, efficiency and loan quality rations	2023	2022	2021
Cost(**)/income ratio	52.4%	60.7%	62.1%
Net income(^)/Average equity(ROE)	9.0%	5.8%	5.3%
Net income(^)/Average tangible equity (ROTE)	11.3%	7.4%	7.0%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio) (^^)	3.3%	3.4%	3.3%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.6%	1.8%	2.1%
Adjustments to non-performing loans/Gross non-performing loans (^^)	50.8%	46.9%	38.2%

Capital and liquidity ratios	2023	2022	2021
Common Equity Tier 1 ratio	13.5%	13.0%	11.6%
Tier 1 ratio	15.7%	15.3%	13.9%
Total capital ratio	18.6%	18.3%	17.2%

(*) Adjusted 2021 data and 2022 data net of non-recurring components.

(**) Ratio calculated excluding ordinary and extraordinary bank resolution contributions and non-recurring expenses.

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

(^) Applying the treatment of POCI assets.

SIGNIFICANT EVENTS

JANUARY

Crédit Agricole Italia developed its ESG KPI Linked Loan, which features a reduction in the spread subject to the achievement of target thresholds in the performance of two ESG KPIs, in order to extend its range of ESG products.

Crédit Agricole Italia has the role of placement Bank for the **new issuance of ENI sustainability-linked bonds** named "Eni Obbligazione Sustainability-Linked 2023/2028", consistently with the Group's long-standing focus on ESG matters.

The Crédit Agricole Italia Group obtained the **TOP EMPLOYERS** certification for the fifteenth year in a row, ranking in the highly esteemed group of firms from 120 Countries that have achieved the highest standards in HR management, thanks to their focus on the wellbeing of their employees and on continuous improvement in work environments.

It was resolved that, as of 2023, the Group's employees who are fathers shall have **up to 20 days of 100% paid parental leave**, which, as of 2024, may be as many as 28 days, thanks to the extension of the leave schemes provided for by the law in order to foster work-life balance.

Crédit Agricole Italia and Agos signed an agreement to acquire shares in the capital of FlowPay, a fintech company based in Florence specializing in the development of innovative open banking solutions, designed to optimize the collection and payment system for businesses and individuals.

With the announcement of the three-year partnership between Crédit Agricole Italia and Rizzoli Corriere della Sera Media Group S.p.A. (RCS) for the Great Cycling Classics, CA Italia started a new big adventure in sports. For the 2023-2025 period, Crédit Agricole Italia has become the **title sponsor of all cycling classics by RCS Sport**.

The Group has continued to work **alongside CSVnet to foster growth in the Third Sector and to strengthen its bond with the communities it operates in** participating in the "Fare bene insieme" (do good together) meeting, which was an opportunity to reflect on the future of volunteer work and to present an intent manifesto pursuing the growth of volunteer work in the communities.

FEBRUARY

The Group was the **Main Sponsor of the "Management Festival"**, an event organized by the Italian Society of Management (SIMA) at Bocconi University in Milan, pursuing the goal of **making the most of the contribution of managerial knowledge and action to inspire the future**, directing collective behaviors to innovation, strategic change, and improved quality of life and the people's well-being.

The Group obtained the ISO 9001:2015 certification concerning the provision of Treasury and Cash services to Public Administration Institutions and Bodies, giving again evidence of the quality of the services that the Group provides to its customers.

Along the psychological wellbeing service already being provided, a **new welfare support given to all the people** belonging to the Group went life. The support is delivered in partnership with Stimulus and comprises services provided by psychologists and care managers, giving tangible help in effectively addressing various situations that may occur in the occupational, personal and family scopes.

MARCH

In the synergy scope and consistently with the 2025 MTP ambitions, the Group chose **SoLead**, a Marketing Automation tool developed by the Champagne-Bourgogne Regional Bank and designed to accelerate the **identification, prioritization and processing of digital leads**, in order to effectively manage Customer interaction on the Bank's digital channels.

Crédit Agricole Italia was a winner at the Sustainability Awards event held by LC Publishing Group, in the Banking and Finance category, **for its "Sustainable Evolution"** project, which is based on listening to enterprises and on insight into market's requirements.

APRIL

The Sicily Regional Committee was set up and staffed with people that can foster local relationships, fully understand the region's needs and requirements and promote innovative social and economic initiatives.

In 2023 **Crédit Agricole Italia was again a partner of Padova Marathon**, a top race in the international marathon calendar, in order to celebrate the city and its magnificent surrounding area, with cultural initiatives aimed at enhancing the local art, history, cuisine, music, environment and business activities.

The Group obtained the stamp from Health Friendly Company (HFC) acknowledging firms that stand out for their commitment to protecting the health and wellbeing of their employees.

MAY

Crédit Agricole Italia proved once again fully committed to **providing support to households and the regions it operates in**, this time in the Campania region, thanks to its collaboration with the Angelo Affinita Foundation, which, since 2010, has been supporting and implementing projects to the benefit of households experiencing financial difficulties and vulnerable young people and children, in order to promote their human, school and vocational skills and thus help them in finding a job, carrying out an important action to rebuild the local social fabric.

LE VILLAGE
Collaborare per innovare
by CA

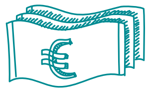
In Sondrio, **Le Village by CA delle Alpi** was opened and started operations. It was the fifth member in the Italian network of four Les Villages by CA, which, with over 150 resident startups and about 80 partners, contribute to the growth of the Innovation Ecosystems based in Milan, Parma and Padua, at the service of the partner firms and resident startups based in the respective regions.

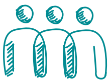
JUNE

The 2023 **Volontari di Valore (Worthy Volunteer) event in cooperation with Legambiente** went live: it is a corporate volunteer work initiative whereby the Group encourages, supports and organizes hands-on participation of its employees in the local community life in the cities of La Spezia, Milan, Piacenza, Parma, Reggio Emilia, Turin, Sondrio, Pordenone, Padua, Cesena, Florence, Rome and Catania, where they will take action to clean up public spaces, parks and areas surrounding bicycle lanes.

Crédit Agricole Italia was awarded the“Premio dei Premi” National Prize for Innovation, coordinated by “COTEC – Fondazione per l’innovazione" (the COTEC Foundation) by concession of the President of the Italian Republic, for its distinctive achievements in the banking arena, thanks to "Non solo Impresa" and “Evoluzione Sostenibile”, two projects whereby the Group has redefined its relational model for enterprises, going beyond the traditional role of financial partner and stepping up also as an enabler providing distinctive, tangible and effective solutions.

Crédit Agricole Italia successfully finalized a new **issuance of Covered Bonds**, for an amount of 1 billion Euros, one of the first Premium label issuances on the Italian market in compliance with the most recent EU Directive.

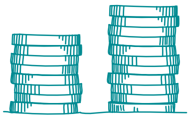




The Group sponsored Various Voices, the LGBTQ+ choir festival + held in Bologna, aimed at fostering the inclusion of the LGBTQIA+ community through music as a universal language, giving evidence of its commitment to Diversity and Inclusion.

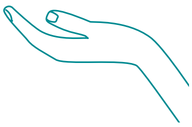
→ JULY

The Crédit Agricole Group in Italy finalized the **opening of two new funds Fondo APEI – Private Equity CA Italia** – whereby the Group intends to invest in medium-sized enterprises to assist them in their development, strengthening, internationalization and generational turnover, and "**Ambition Agri Agro Investissement**" designed to acquire equity investments in the capital of French and Italian companies operating in the agri-food sector.



The Italian Banking Association and the banking industry trade unions promoted a fundraising campaign, which the Group joined, held by Prosolidar – Onlus, a nonprofit entity engaged in funding solidarity projects to the benefit of the people that, in May 2023, were hit by the severe floods in Emilia Romagna.

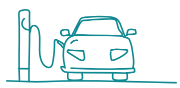
→ AUGUST



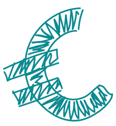
The Group proved once again that it is **close to the businesses and the people** of the Lombardy, Veneto, Emilia-Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige, Piedmont, Marche, Sicily and other regions throughout Italy, which were **severely hit by severe natural disasters**, thanks to immediate support actions through the allocation of 500 million Euros for credit lines at subsidized conditions and suspension of instalment payments for individuals, in order to restore production activities and the liquidity necessary to entrepreneurs.

→ SEPTEMBER

The Group supported the 21st **European Mobility Week**, an initiative that gives Italian cities the opportunity to take action in a much needed process to **improve city mobility aiming at environmental sustainability**.



→ OCTOBER



The Group signed an agreement worth 400 million Euros with the **European Investment Bank (EIB) to support small and medium enterprises and farming businesses in investing**, with over 25% of the resources is to be used to achieve environmental sustainability and energy transition goals, proving the Group’s constant commitment to circular economy and ESG matters.

The Crédit Agricole Italia Banking Group obtained the **Gender Equality Certification**, an important national award substantiating its commitment to diversity and inclusion topics and values as part also of its strategy.

In Milan, the second "**Run For Inclusion**" was held, a non-competitive run serving the purpose of enhancing diversities, which was sponsored by the Crédit Agricole Group in Italy.

NOVEMBER

In early November, the **2023 Month of Diversities** went live, consistently with the Mois des Diversités held by CA S.A.: five weeks to deep dive, through dedicated initiatives, into Diversity and Inclusion topics, which are two fundamental values for the Group.

Again in 2023, the Crédit Agricole Group in Italy participated in the **4W4I marathon**, an initiative involving companies and promotes by TIM to **raise awareness on inclusion topics and enhancement of diversity**.

The «Does Inclusion Generate Wellbeing?: the story of the Crédit Agricole Group and the Onda Foundation» webinar gave the opportunity to examine the relationship between an inclusive climate and the psychological wellbeing at the firm, also from the scientific standpoint of a wellbeing psychologist.

On the Day for the Elimination of Violence Against Women, the Group announced that it had **signed the Memorandum of Understanding between the Italian Government's Department for Equal Opportunities and the Italian Banking Association (ABI) on preventing and combating violence against women and domestic violence**. The three-year Protocol sets two goals shared by ABI and the Ministry of Equal Opportunity: to prevent and combat violence against women in all its possible forms and to foster training and information-giving initiatives that may be useful to support financial inclusion and the elimination of gender gaps.

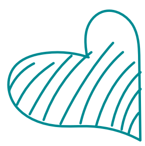
Blue Financial Communication, media & digital company specializing in financial information, which publishes Forbes, Private, Bluerating, **gave a prize to the Crédit Agricole Group in Italy at the eighth Private Banking Awards event**, involving over 200 top managers of Italian and international firms.

DECEMBER

The Group continued to support parenthood deploying new initiatives for its employees who are parents. Indeed, as of the 2023-24 attendance year, an **annual welfare contribution of 1,000 Euros will be given to each child between 1 and 3 years old**, to be used to cover the expenses incurred for daycare fees, generating a significant benefit in terms of taxes and social security contributions.

The "**Scattered Daycare Facilities**" project was deployed in cooperation with JOINTLY, a benefit corporation that was set up to develop care and assistance solutions.
As of January 2024, our Employees with children between 1 and 3 years old will be **supported in choosing a daycare facility** through JOY, a nationwide coverage platform that ensures first-option rights for enrolment and gives access to a network of qualified facilities at subsidized fees. The project went live with an initial pilot phase in the cities of Milan, Monza-Brianza, Rome, Turin and Catania, and will then be extended nationwide.

Over 10 thousand employees if the Group contributed with their donations to **supporting a new research project** conducted by the San Matteo Hospital of Pavia in favour of its **childhood cancer patients**, raising nearly 50 thousand Euros to be used for preventing and treating relapses and infections in children who received stem cell transplants.
Furthermore, again thanks to donations, at the "Centro Dadi" of the **Vite Vere Cooperative** in Padua, a **multisensory stimulation system** went live for children from 0 to 12 years old, named "The Room of Wonders".
Many small contributions that combined to give a tangible meaning to corporate social responsibility.



THE CRÉDIT AGRICOLE GROUP WORLDWIDE

1°

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

2023 KEY FIGURES

53
million Customers

46
Countries

145,000
employees

8.3 bln€
underlying net income

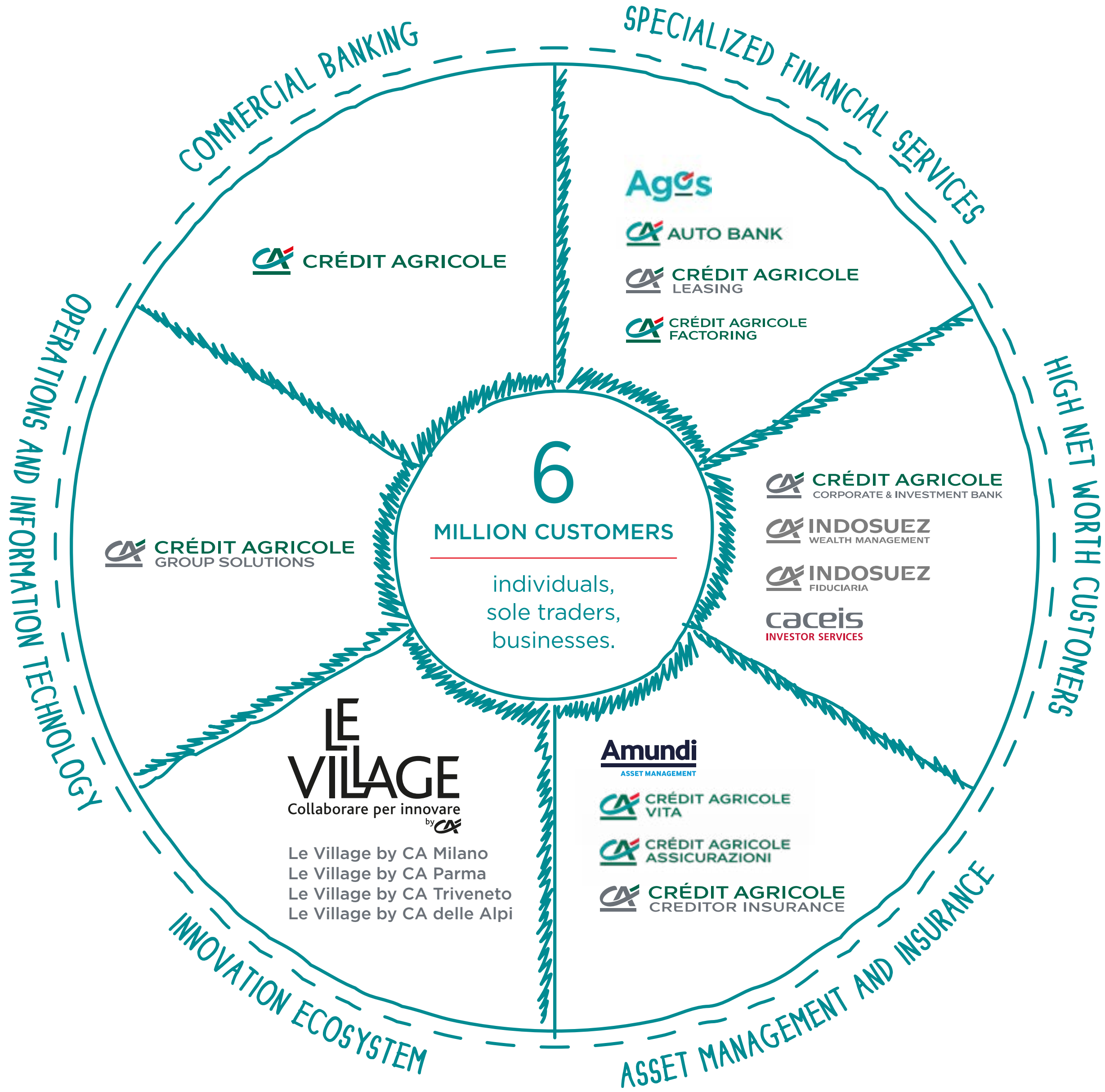
144.3%
Liquidity Coverage Ratio

17.5%
CET 1 ratio

RATINGS

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

THE CRÉDIT AGRICOLE GROUP IN ITALY



THE CRÉDIT AGRICOLE GROUP IN ITALY

1°[1)]

CRI
in Italy

2°[2)]

Player in the Italian
consumer finance

3°[3)]

Asset Manager
in Italy

2023 KEY FIGURES

6
million active Customers

100 bln€
in loans

16,200
employees

1,310 mln€
net income

331 bln€
total funding

4,803 mln€
revenues

1) Strategic Customer Recommendation Index of Crédit Agricole Italia among universal banks. Survey conduced between September and October 2023 on specific profiles of Customers of the Bank compared to Customers of competitor banks in the regions where Crédit Agricole Italia Branches are based.
2) Source: Assofin
3) Source: Assogestioni

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

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

CRÉDIT AGRICOLE

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

CRÉDIT AGRICOLE
LEASING

The Crédit Agricole Italia Banking Group's leasing entity. Crédit Agricole Leasing Italia **operates in the equipment, vehicle, real estate, seacraft and aircraft and renewable energy** financial leasing segments. **At the end of 2023, the loan portfolio amounted to Euro 3,051 million.**

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

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

Over 2.7
million Customers

Over 12,500
personnel members

708 mln€
net income - Group share

3.1 bln€
net operating revenues

Over 1,200
points of sale

65.5 bln€*
total loans

245%
Liquidity Coverage Ratio

13.5%
Cet 1 ratio

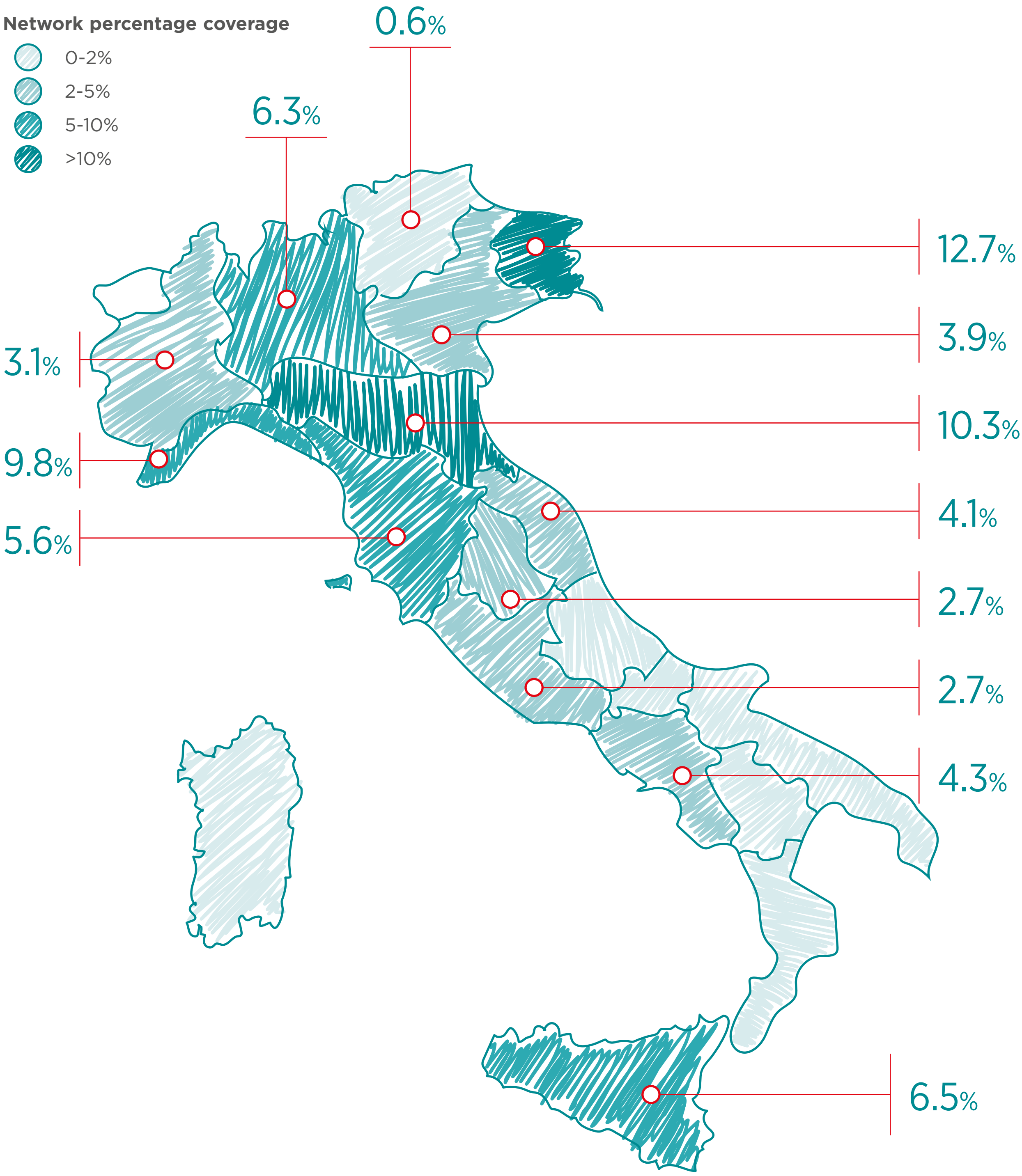
RATINGS

Baa1
Moody's

The highest one in the Italian banking system

* Excluding securities at amortized cost.

BRANCH NETWORK PERCENTAGE



Crédit Agricole Italia Banking Group

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2023

FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE MEASURES

APM – ALTERNATIVE PERFORMANCE MEASURES

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

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

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

Income Statement highlights [a] (thousands of Euros)	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net interest income	1,800,502	1,310,650	489,852	37.4
Net fee and commission income	1,220,530	1,218,950	1,580	0.1
Dividend income	12,667	13,356	-689	-5.2
Financial income (loss)	29,313	33,127	-3,814	-11.5
Other operating income (expenses)	-2,159	3,096	-5,255	-169.7
Operating income	3,060,853	2,579,179	481,674	18.7
Operating expenses	-1,705,033	-1,661,201	-43,832	2.6
Operating margin	1,355,820	917,978	437,842	47.7
Cost of risk[b]	-327,499	-311,426	-16,073	-5.2
Of which Net adjustments to loans	*-315,800*	*-286,466*	*-29,334*	*-10.2*
Net profit (loss) for the period attributable to the Parent Company	708,185	558,594	149,591	26.8
Profit (Loss) for the period net of non-recurring effects[c]	708,185	432,613	275,572	63.7

Balance Sheet highlights[a] (thousands of Euros)	31 Dec. 2023	31 Dec. 2022[^]	Changes	
			Absolute	%
Loans to Customers	69,433,503	75,995,595	-6,562,092	-8.6
Of which securities measured at amortized cost	*5,414,031*	*12,538,328*	*-7,124,297*	*-56.8*
Net financial assets/liabilities at fair value	153,276	189,662	-36,386	-19.2
Financial assets measured at fair value through other comprehensive income	3,868,730	3,520,018	348,712	9.9
Equity investments	25,803	33,197	-7,394	-22.3
Property, plant and equipment and intangible assets	2,739,227	2,855,365	-116,138	-4.1
Total net assets	91,692,478	90,800,715	891,763	1.0
Funding from Customers	76,160,617	72,184,520	3,976,097	5.5
Indirect funding from Customers	92,888,389	87,172,475	5,715,914	6.6
of which: asset management	*50,028,256*	*49,450,233*	*578,023*	*1.2*
Net due to banks	2,957,086	5,639,691	-2,682,605	-47.6
Equity	8,004,729	7,688,952	315,777	4.1

Operating structure	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Point-in-time number of employees	12,533	12,671	-138	-1.1
Average number of employees[d]	11,874	12,132	-258	-2.1
Number of branches	1,014	1,123	-109	-9.7

(a) Income statement and balance sheet data are those restated in the reclassified financial statements shown on pages 59 and 48. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.

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

(C) 2022 non-recurring effects amounted to Euro 126 million, of which Euro 20.3 million in Creval integration expenses: net of tax and Euro 146.3 million for tax realignment.

(d) The average number has been calculated as the weighted average of employees and atypical workers, where the weight is the number of months worked in the year; part-time personnel is conventionally weighted at 50%.

(^) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities). Therefore, the data as at 31 Dec. 2022 have been restated.

FINANCIAL HIGHLIGHTS AND RATIOS

Structure ratios[(a)]	31 Dec. 2023	31 Dec. 2022[(^)]
Net loans/Total net assets	69.8%	69.9%
Direct funding from Customers/Total net assets	83.1%	79.5%
Asset under management/Indirect funding from Customers	53.9%	56.7%
Net loans/Direct funding from Customers	84.1%	87.9%
Total assets[(b)]/Equity	11.8	12.6

Profitability ratios[(a)]	31 Dec. 2023	31 Dec. 2022
Net interest income/Operating income	58.8%	50.8%
Net fee and commission income/Operating income	39.9%	47.3%
Cost/income ratio[(c)]	52.4%	60.7%
Net income[(d)]/Average equity (ROE)[(h)]	9.0%	5.8%
Net income[(d)]/Average tangible equity (ROTE)[(h)]	11.3%	7.4%
Net income[(d)]/Total assets [(b)] (ROA)	0.8%	0.4%
Net income[(d)]/Risk-weighted assets	1.9%	1.2%

Risk ratios[(a)]	31 Dec. 2023	31 Dec. 2022[(^)]
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)	3.3%	3.4%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.6%	1.8%
Net adjustments to loans//Net loans to Customers	0.5%	0.5%
Cost of risk[(e)]/Operating margin	24.2%	33.9%
Net bad loans/Total Capital[(f)]	2.0%	2.0%
Total Impairments of non-performing loans/Gross non-performing loans	50.8%	46.8%
Total Impairments of performing loans/Gross performing loans	0.7%	0.6%

Productivity ratios[(a)] (in income terms)	31 Dec. 2023	31 Dec. 2022
Operating expenses/No. of Employees (average)	144	137
Operating income/No. of Employees (average)	258	213

Productivity ratios [(a)] (in financial terms)	31 Dec. 2023	31 Dec. 2022[(^)]
Loans to Customers/No. of employees (average)	5,392	5,231
Direct funding from Customers/No. of Employees (average)	6,414	5,950
Gross banking income[(g)]/No. of employees (average)	19,628	18,366

Capital and liquidity ratios	31 Dec. 2023	31 Dec. 2022
Common Equity Tier 1[(j)]/Risk-weighted assets (CET 1 ratio)	13.5%	13.0%
Tier 1[(i)]/Risk-weighted assets (Tier 1 ratio)	15.7%	15.3%
Total Capital[(f)]/Risk-weighted assets (Total Capital Ratio)	18.6%	18.3%
Common Equity Tier 1 (thousands of Euros)	5,041,825	4,639,981
Risk-weighted assets (thousands of Euros)	37,232,440	35,709,777
Liquidity Coverage Ratio (LCR)	245%	262%
Net Stable Funding Ratio (NSFR)	136%	133%

(a) The Ratios are based on the income statement and balance sheet data of the reclassified financial statements shown on pages 59 and 48. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures. Loans to customers are net of the securities component.
(b) Ratio calculated based on total assets as reported in the financial statement.
(c) Ratio calculated excluding ordinary and extraordinary bank resolution contributions.
(d) Profit net of non-recurring effects.
(e) The cost of risk includes provisioning for risks and charges, net adjustments to loans and impairment of securities.
(h) The ratio of net income to the equity weighted average (for ROTE net of intangibles).
(f) Total Capital: total regulatory own funds.
(g) Loans to Customers + Direct Funding + Indirect Funding.
(j) Common Equity Tier 1: CET 1.
(i) Tier 1: Tier 1 Capital.
(^) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities). Therefore, the data as at 31 Dec. 2022 have been restated.

MANAGEMENT REPORT TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE MACROECONOMIC SCENARIO AND THE FINANCIAL SYSTEM

THE INTERNATIONAL MACROECONOMIC SCENARIO IN 2023[1]

In 2023, **the international economic scenario** gave evidence that the global economy had not yet fully resumed the before-pandemic development pace, with a widening divide among various areas of the world. Albeit proving resilient in the first months of the year, which featured some QoQ economic rebound, recovery proved weak and uneven, although exceeding expectations, as it was affected by several factors that hindered it: some of these factors resulted from the long-term consequences of the health emergency and from geopolitical tensions, while others were more cyclical in nature and associated with the effects of the restriction in monetary policies needed to bring inflation under control and with the low fiscal support in high debt situations. In such a scenario, 2023 global economic growth should come to about 3.0%, vs. 3.5% in 2022, being still below the 2000-2019 historical levels, where the contribution given by advanced economies was higher than that given by emerging countries.

Besides the continuation of the Russia-Ukraine war and the inflationary spiral that persisted for most of the year, the macroeconomic scenario was also affected by the fears of negative impacts on the financial sector generated by the **crisis** that, in March 2023, hit several **US regional banks** and, not long after, by **Credit Suisse bankruptcy**; the worsening in the **Chinese real estate sector crisis**; the further worsening in the **tension between Israel and Palestine**, following the attack promoted by Hamas in October 2023. The escalation in the Israel-Palestine tension seems to have triggered a new phase in the conflict, which had never actually ended, disrupting the fragile balance that had taken the international community's attention away from the Israeli-Palestinian issue, and to have once again strained the relations between the Jewish State and the Islamic States in the Middle East. Furthermore, the attacks by the Houthi rebels against cargo ships, first Israeli ones and then ships operated by Western Countries (mainly US and UK), contributed to congesting the already high traffic along the Read Sea trade routes, causing many shipping companies to temporarily stop operations and/or many merchant ships to be rerouted forcing them to circumnavigate Africa. Given the strikes already launched against Houthi bases by the United States and the United Kingdom in response to the attacks, any worsening in the situation would cause freight cost to significantly increase, as the ships would have to be rerouted; any such development would determine a rise in the costs of both energy and consumer goods, increasing economic uncertainty, a scenario on which OPEC+ had however already expressed its stance supporting the market stability expectation and fending off the spectre of new increases in oil and commodity prices[2].

Last year, **inflation** decreased nearly everywhere, due to the partial slowdown in the strong increases in energy prices experienced in the two previous years, thanks also to the restrictive monetary policy actions deployed by the various Central Banks Nonetheless, a series of disruptions in supply chains, along with the increasing geopolitical tensions, including the latest ones in the Red Sea and Suez Canal, contributed to the volatility in the European natural gas prices in H2 2023.

The trend in most components of core inflation (excluding food products and energy) was decreasing but at an uneven and slower pace than the general figure; nonetheless, on a seasonally-adjusted quarter-on-quarter basis, core inflation should remain below 3% (annualized rate) in the G7 economies, with systemic financial stress indicators generally remaining at modest levels.

1 Sources: FMI, WEO Update October 2023; OECD, Economic Outlook (November 2023); Prometeia, Forecast Report (December 2023).

2 Statement given to the national news agency by the Minister of Energy and Infrastructure of the United Arab Emirates (3 July 2023).

Despite some imbalanced situations, in **Europe** the general picture has sown some strengths: besides inflation on its way towards the ECB target levels, opening the way to decreases in interest rates, the labour market posted higher participation with a subsequent general increase in the employment rate and average wage and, consequently, a recovery in purchasing power, which drove consumption and economic activities. On the other hand, however, the feeble improvement in household confidence and the very uneven entrepreneurial dynamics in the various Countries, along with the decrease in industrial output, give evidence of essential stagnation.

Although experiencing a more subdued slowdown in inflationary pressure, the **United States** economy reasserted its international weight, thanks to the strong inflow of foreign capital driven by the gradual appreciation of the US Dollar, whereby the essentially constant government deficit could be extended, while keeping significant levels of investment and good growth rates in consumption. Positive signs also came from the labour market, which has continued on its way towards normalization reducing job vacancies and thus contributing to the absorption of the loss of purchasing power by households.

In **China**, the true driver of the GDP growth in 2023 was the increase in household consumption, which nonetheless resulted also from a statistical effect generated by the previous year weakness. Indeed, persistent unemployment and the uncertainties associated with the real estate crisis, which eroded a significant portion of the previously accumulated savings, have already prompted households to adopt more cautious behaviours, as substantiated by the increasing trend in bank deposits.

To conclude, in 2023 global economic growth (+3.1%) proved rather polarized, with the performance of emerging Countries, whose GDP posted an estimated increase of +4.1% widely making up for the performance of developed Countries (+1.5%), which was mainly affected by the weakness in the EMU area (+0.6%) resulting from essential stagnation in several quarters. Amongst the contributions given by the Euro Area Countries, the figure posted by Germany (-0.3%) stands out, confirming the difficulties experienced by that Country, whereas France and Italy achieved modest growth (+0.9% and +0.7%, respectively).

Monetary policies[3]

Due to the persisting strong inflationary pressure, central banks continued to deploy restrictive monetary policies, which had been first implemented in 2022, with the exception of the Bank of Japan, the only central bank still adopting an expansionary policy. To date, the hike in interest rates that started in Europe in July 2022 has been the fastest acceleration ever, with an increase of 400 bps in less than a year and a half, giving evidence of the European Central Bank's firm will to take inflation rate back at its standard target. Having regard to that purpose, the Harmonised Index of Consumer Prices (HICP) in the Euro Area came to an annual average figure of +5.5% vs. +8.3% in 2022. Specifically:

- The **Federal Reserve** continued its constant fight against inflation, which had started in 2022, pursuing the goal of taking it to an average figure of 2% (in November 2023 the Personal Consumer Expenditures (PCE) Index came to +2.6% on an annual basis), but with lower intensity: in the year, it increased its key interest rates four times by 25bps each time, with the last increase in July (for a total of 100bps), taking them to the 5.25%-5.50% range (vs. the 4.25%-4.50% one in December 2022), at their highest since 2001. At its last meetings of the Federal Open Market Committee (FOMC) in the year, the FED decided not to increase interest rates further, also assessing the expediency of some easing in 2024, in order to verify the effects and implications on financial stability of the previous increases in key interest rates, which were constant for over a year, in the light of possible restrictions in lending conditions. The events associated with the Silicon Valley Bank liquidity crisis, which caused its bankruptcy in March 2023, seem to have generated no systemic repercussion on the international financial scenario.
- In the current year, the **European Central Bank** has increased its official interest rates by another 200 basis points, taking the rate on the main refinancing operations to 4.50%,while the rates on the marginal lending facility and on the deposit facility with the Central Bank to 4.75% and 4.00%, respectively. Furthermore, in March 2023, the Asset Purchase Programme (APP) portfolio started to be reduced consistently with the Quantitative Tightening process; on the other hand, as regards the purchase of government and corporate securities deployed to address the effects of the pandemic (Pandemic Emergency Purchase Programme, PEPP), in December the Governing Council reasserted its intention to reinvest, in a flexible manner, the principal payments from maturing securities purchased under the PEPP at least until the end of 2024, progressively reducing the PEPP portfolio at a pace of 7.5 billion Euros per month, by partially reinvesting principal payments from maturing securities. The ECB monetary policy remained linear throughout the

3 Source: Prometeia, Forecast Report (December 2023).

year, despite the Credit Suisse crisis, which resulted in its acquisition by UBS. The European Central Bank is likely to cut interest rates in 2024, not earlier than in the second half of the year, given the continuing inflation rigidity and the resilience of the EU economy in 2023.

- The **Bank of England** has taken its Bank Rate to 5.25%, with five hikes totalling 175bps in 2023, the last one in August, to try to curb inflation in the UK, one of the highest in the European continent, at +4.6% in October 2023.
- Going against the trend of the other Central Banks' decisions, the **Bank of Japan** kept an expansionary monetary policy, leaving its key interest rate at its 2016 level (-0.1%), despite the inflation rate standing at +2.8% on an annual basis in November 2023 (down from +3.3% in September 2023). Furthermore, at its October meeting, the BoJ confirmed the target for Japanese government securities at zero percent, but increased the tolerate fluctuation limit to 1%, from its previous figure of 0.5%.

Main economies[4]

The global economy went through a stabilization phase after the strong shocks in the markets generated first by the pandemic and then by the Russia-Ukraine war, with new tensions arising also in 2023.

The growth in the **global GDP** came, **at the end of 2023, to 2.9% (vs. 3.3% in 2022)**, driven especially by the Chinese economy, which opened up to foreign trade after the absolute *lockdown* period, and by the United States, which reasserted its weight on the world economy, as proved also by the marked strengthening of the US Dollar vs. the main currencies, a sign of considerable capital inflows.

- The GDP of the **United States**[5] posted an estimated annual growth of +2.5% (vs. +1.9% in 2022), thanks to its strong acceleration in the second part of the year, especially in the third quarter (+4.9% QoQ). The increase can largely be explained by the general growth across all expenditure items: specifically, residential investments, exports and household consumption. This occurred in a scenario of decreasing disposable income, despite the fact that, for the November 2023 – December 2019 period, the increase in wages was more marked (+22.2%) than that in consumer prices (+18.8%), which was nonetheless followed by a decrease in propensity to save (3.8% Q3 223 vs. 5% Q2 2023). Furthermore, the labour market continued to improve, with the number of job vacancies higher than the number of the unemployed, thanks also to the growth in new job positions.
- In 2023, the GDP of **China** grew by +5.2%, thanks to industrial output steadily increasing by +4%, whereas gross fixed investments in urban areas constantly dropped. Despite increasing, consumption was negatively affected by uncertain future expectations, with a persisting increase in the unemployment rate due to lower hires resulting from the slowdown in economic growth and from lower supply of jobs (youth unemployment came to 21%, with the latest available figure being that of June 2023, when the State decided not to publish it any longer). This generated an increase in households' propensity to save, as substantiated by the increase in bank deposits. China was not hit as hard as the other Countries by high energy prices, as they remained modest. In 2023 a specific issue was that concerning the real estate market, a key sector in the Chinese economy as it accounts for at least 25%, which has been experiencing a severe crisis for some years with a rather emblematic event being the 300 billion dollars default of Evergrande, which then resulted in the bankruptcy and liquidation of the second-largest Chinese real estate developer by apartments sold. That crisis is causing a strong decrease in home prices and in the number of sales and purchases, which is negatively impacting the creation of value for the Chinese State. For these reasons, in December 2023, the Moody's Rating Agency decided to downgrade the Chinese sovereign debt outlook from *stable* to *negative*.
- The GDP of the **United Kingdom** is expected to post growth of +0.1%[6] as at the end of 2023, as the result of the good contribution from foreign trade, whereas it was penalized by household consumption and by the decrease in public administration investments, with the percentage decrease in the latter being negatively affected by the effects of the extraordinary measures deployed in previous years, such as the Super Deduction, a super-deduction of 130% of capital expenses for investments in eligible plants and equipment. Especially in the fourth quarter of 2023, the QoQ decrease was of -0.3%, due to the contraction in the service, manufacturing and building sectors. Foreign trade gave a positive contribution to the annual performance, with increasing exports, whereas the slump in trade in goods reflected the weak investment cycle. On the other hand, the negative contribution of household spending resulted from the decrease in purchasing power caused by high inflation; nonetheless, thanks to the raise in wages, the figure recovered in 2023 driving some improvement in confidence.

4 Source: Prometeia, Forecast Report (December 2023); OECD, Economic Outlook (November 2023).

5 Source: Bureau of Economic Analysis, Gross Domestic Product (Advance Estimate, January 2024).

6 Source: Office for National Statistics, GDP first quarterly estimate (February 2024).

- In 2023, the GDP of **Russia** grew by +3.6%, driven by military contracts and by strong increases in nearly all its components, which, for a mathematical effect, benefited from the declines posted in the previous year. Driven by wage increases in the last few periods, domestic demand also drove the Russian economy, with a decisive contribution given by wholesale. The sectors that drove economic growth are mostly those linked to the arms industry, while the demand for output in those sectors, combined with the flight abroad of part of the population, caused the unemployment rate to hit its all-time low (2.9%).

The Euro Area[7]

In 2023 the economic activity in the Euro Area posted an estimated growth of +0.5%, although going towards general stagnation in the second part of the year, due also to the very restrictive monetary policy adopted by the ECB to fight inflation, which showed a gradually decreasing trend and has been getting closer to its target levels. In general, stagnation in the GDP resulted from the positive contribution from the private service sector, whereas both the manufacturing and the building sectors posted a decline. However, the performances of the economies of the single States continued to be uneven, with some of them – such as Italy and Spain – posting GDP growth, and others – France and Germany – that conversely posted contraction; an element that is common to all economies is the positive contribution given by domestic demand, especially the household spending component, despite the still uncertain scenario still featuring high inflation and decreasing purchasing power. As regards the labour market, in the Eurozone the unemployment rate was stable at its all-time low (6.4% in December 2023), despite the economic activity stagnation that has been persisting for about a year.

Average **inflation**[8] in the Euro Area came to +5.5% in 2023, down from +8.3% in 2022. Specifically, in December 2023, its trajectory on a monthly basis hit +2.9%, slightly increasing from +2.4% in November 2023, but strongly decreasing vs. the monthly figure of December 2022 (+9.2%). The main drivers of the period-over-period trend in inflation were the prices of services, of food, beverage and tobacco and of non-energy industrial goods, with energy prices being the only ones to decline.

Another element to be taken into account is the widespread **wage increase** that occurred in 2023 and is going to continue in 2024; it resulted in an average growth of about 4% in per capita income in the private sector, thanks both to the new collective bargaining agreements and to the minimum wage indexation adopted by many European Countries. Although the raise in wages is still well below inflation, a possible wage-price spiral was a topic covered by Christine Lagarde, who, for the time being, has ruled out its occurrence, stating that, in any case, the ECB is engaged in constant monitoring to ward it off.

In 2023, the period of suspension of the *Stability and Growth Pact* (PSC) ended; the EU had suspended it in 2020 to address the widespread crisis triggered by the pandemic, giving member States a period of flexibility in keeping their *deficit-to*-GDP ratio not above 3%. In 2022 most Member States had already started to significantly reduce their government deficit, continuing on this path in 2023, albeit at different paces in the individual States because of the different weights of interest expense. Italy has agreed with the EU to postpone its budget deficit target vs. the original levels, with its return to compliance with the 3% threshold postponed to the 2025-26 period, where the debt-to-GDP ratio should be stable at 140%.

Industrial output[9] in the Euro Area, being affected by the geopolitical developments, posted a -6.8% YoY decrease in November, across nearly all,production sectors, with the highest decline in capital assets (-10.3% YoY) and durable consumer goods (-8.0% YoY), whereas the energy sector posted a slight increase (+0.8%). Contraction proved the highest in Ireland (-30.4%[10]) and Belgium (-11.6%), whereas strong growth was achieved in Denmark (+14.4%), followed by but few other Countries that posted annual increases.

7 Source: OECD, Economic Outlook (November 2023).

8 Source: Eurostat 10/2024 (January 2024).

9 Source: Eurostat 8/2024 (January 2024).

10 To be noted is the change in the statistical calculation regarding season -adjustment.

The unemployment rate[11] came to 6.4% in November, decreasing vs. its figure for the previous year of 6.7%.

In **Germany** the 2023 annual GDP declined by -0.3%, following decreases in the third and fourth quarters, of -0.1% and -0.3% respectively, after experiencing essential stagnation in the first six months of the year. The annual decrease in the GDP largely resulted from the strong decline in both private and government spending, with government investments being affected also by the failure to repurpose approximately 60 billion Euros in unused pandemic funds for climate transition investments (Climate and Transformation Fund). Households' private consumption were materially penalized by the decline in real disposable income due to persisting inflation (average annual increase of +5.9% in 2023 vs. 2022), which increased in December (+3.7% YoY, vs. +3.2% in November 2023). Other uncertainty factors for the German economy were the decline in industrial output and exports, the latter being affected both by the development in the US manufacturing production, which made Germany's growth prospects in the medium and short term rather weak, and by the decline in automotive exports to China. Indeed, the German automotive industry, which accounts for over 10% of the GDP, sells nearly one third of its vehicles to China, its main automotive trade partner. In any case, despite its complex annual performance, Germany became – in 2023 and in nominal terms – the third largest economy in the world overtaking Japan.

The **French** GDP slightly contracted by -0.1% in the third quarter, whereas its annual growth is expected to be +0.9%. In the third quarter, the foreign component contribution was negative, whereas private consumption proved stable, benefiting from the fact that households' purchasing power was not as heavily penalized as in other Countries thanks to wage increases and minimum wage. In December, annual inflation came to +3.7% and was still affected by the higher energy prices (+5.7% in December 2023 vs. +3.1% in November 2023).

In Q3, the GDP of **Spain** posted modest growth of +0.3%, taking the expected annual growth to +2.4%. The main drivers of growth were: private consumption, as it was not particularly affected by inflation growth rate, which was one of the lowest in Europe (annual growth of +3.3% in November 2023), and government investments, which benefited from the Next Generation EU recovery plan; conversely, foreign trade decreased across the board. In July 2023, a snap general election was held and the Popular Party came out but slightly ahead of the then ruling Socialist Party, but it failed to form a new government with a central-right wing coalition. Therefore, in November 2023 the outgoing *Prime Minister* Pedro Sanchez formed its third coalition government thanks to agreements with the other left-wing parties and to the support given by the Catalan independence movement, which asked for and later obtained an amnesty for Catalan separatists serving time subsequent to the Catalan independence referendum held in 2017.

The Italian economy

In 2023, the **Italian GDP** grew by 0.7%, along a gradually declining trajectory during the year; nonetheless, despite some slowdown vs. its 2022 performance, it came slightly above the Euro Area average figure (+0.5% YoY). The growth was driven almost exclusively by domestic demand, which, net of inventories, gave a total positive contribution of 0.8 percentage points, whereas the contribution of net foreign demand was slightly negative (-0.1 p.p.). The Italian growth performance was also affected by the weakness in global trade and in the German economy (-0.3% YoY), which determined a decline in trade foreign trade and especially in exports.

Consumer households' final consumption expenditure[12] **(HFCE)** recovered after the slump it experienced in the fourth quarter of 2022: in the first nine months of 2023 it grew period-over-period by +8.6%. Households' gross **disposable income** also increased, up by +5.6% vs. the same period of the previous year, progressively reducing **propensity to save**, which came to lower levels than in the before-Covid period, down by -2.6 p.p. (Q1-Q3 2023 vs. Q1-Q3 2022).

In December 2023, the **consumer confidence index**[13] came to 106.7, markedly improving vs. the previous month (103.6), after decreasing four times in a row in the previous months, whereas its December 2022 figure was 102.5. The main components that drove the index performance are the economic climate and the future climate indicators, coming to 118.6 and 113.5 respectively. The **business confidence indicator** also increased, up from 103.5 in November to 107.2 in December 2023 (107.9 in Dec. 2022), with confidence improving across the board, especially in the market service and building sectors, whereas it slightly contracted in the manufacturing sector.

11 Source: Eurostat 4/2024 (January 2024).

12 Source: ISTAT, Quarterly Account of Public Administrations, households income and saving and company profits (January 2024).

13 Source: ISTAT, Consumer and business confidence (December 2023).

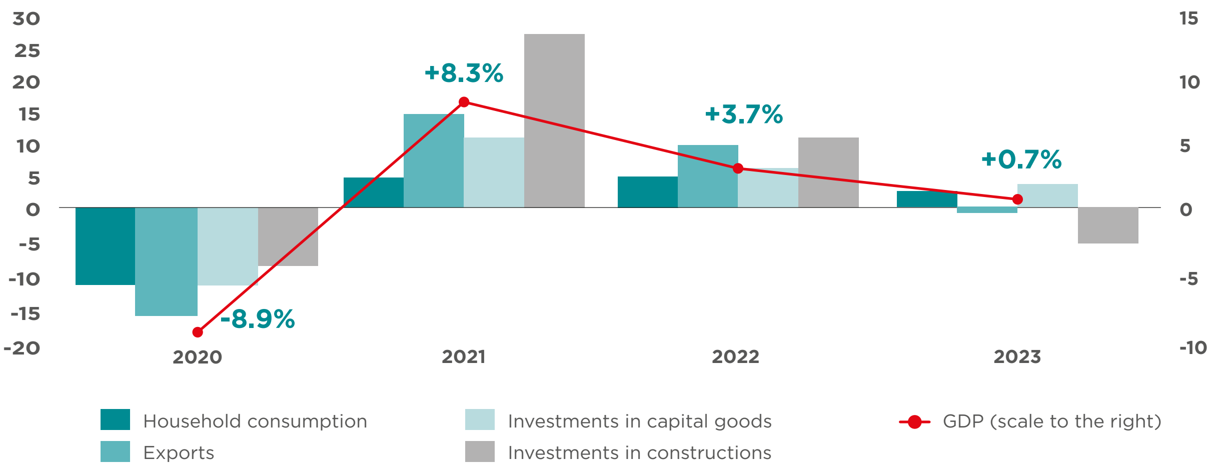
In the first three quarters of 2023, the **Italian State**[12] posted total net debt amounting to -5.0% of the GDP, slightly improving vs. -5.5% in the same period of 2022. In terms of weight over the GDP, the primary balance remained negative as in the previous year, coming to -1.2% (-1.3% in the same period of 2022). Conversely, the revenue balance came to +1.1% of the GDP, whereas it had a negative weight of -1.2% in the same period of 2022). In the same period, the tax revenue to GDP ratio came to 41.2% , decreasing by 0.2 pp vs. 41.4 in Q3 2022.

In 2023 **consumer prices**[14] **(Italian consumer price index for the whole nation or NIC)** increased by +5.7% as the annual average, while they increased by +8.1% in 2022, giving evidence that inflation is continuing to decline, mainly due to the slower increase in energy prices (+1.2% vs. +50.9% in 2022). Conversely, core inflation grew by +5.1% (vs. +3.8% in 2022), but it decreased quarter-over-quarter in December coming to +3.1%. In 2023 the Harmonised Index of Consumer Prices (HICP) grew by +5.9%, slowing down vs. its +8.7% increase in the previous year; its growth was mainly driven by the increase in the prices of food products (+10.2% vs. +9.3% in 2022).

In 2023 the labour market gave evidence of resilience: despite the economic stagnation and the restrictive monetary regime deployed, in December the **unemployment rate**[15] remained at its all-time low, coming to 7.2%, down by 0.8 p.p. vs, its December 2022 figure. Likewise, the employment rate also performed well, coming to 61.8%, up by +1.3% vs. the same period of the previous year. Furthermore, the inactivity rate decreased by over a percentage point and, in November 2023, came to 33.1%.

A very important driver of the GDP growth is still **Italy's Recovery and Resilience Plan**, under which Italy has already obtained over 100 billion Euros out of the 194.4 billion amount allocated to it under the Next Generation EU plan. In 2023, Italy received a total of 35 billion Euros and, at the end of 2023, filed the request with the European Commission for the fifth payment of 10.6 billion Euros, being the only Country ahead of the set schedule. Some of the 52 goals set by the Italian Government instrumental to receiving the fifth payment are «important investments in the agricultural sector, to increase the efficiency of irrigation systems and to implement green energy production, and in the water supply sector, with new works to increase the performance of the distribution network, purification systems and to reduce water loss in the distribution system, and in the environmental sector, with the installation of new plants and the upgrading of the existing ones for waste repurposing»[16]. This confirms the Plan goal of assisting the Country in its green and digital transition and on its social inclusion path.

Italy: GDP and its components



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

14 Source: ISTAT: Consumer prices (January 2024).

15 Source: ISTAT Employment and Unemployment (January 2024, provisional data).

16 Source: www.governo.it.

The banking system

In 2023, the Italian banking scenario was strongly impacted by the **decisions made by the Monetary Authority to fight the spike in inflation** and to ensure that price growth be firmly on its way towards the 2% target, with clear consequences on supply of and demand for loans, as well as on the profitability of credit institutions.

The industry revenues achieved a record performance strongly driven by net interest income, the development in which benefited from the progressive by the ECB in its key interest rates. In this scenario, the average cost of bank funding in 2023 constantly increased as it comprised the higher remuneration of longer-maturity technical forms and liquidity recomposition towards forms of time deposits.

Banks continued to deploy policies aimed at rationalizing operating and overhead costs, especially large banking groups; however, inflation and the measures associated therewith, such as the pay increase resolved within the renewal of the Italian national collective bargaining agreement for the banking industry, drove **growth in operating expenses** during the year (albeit to a smaller extent than in 2022). Banks have materially increased their focus on the search for new business solutions, which was accelerated by the development in artificial intelligence technologies and by the belief that the ability of adapt fast is a key factor to strengthen positioning and to contribute to maintaining adequate profitability trajectories in a more and more competitive market arena.

Compared with 2022, **the cost of risk markedly declined**, in a scenario in which credit riskiness remained resilient, although it is to be noted that the decrease resulted also from the non-recurring components recognized in 2022 and associated with the players' direct exposures in Russia and Ukraine.

The monetary tightening deployed by the ECB has penalized performance in terms of volumes of **loans**, affecting both supply of and demand for credit, as both are linked to the uncertainty in the economic situation and to the higher riskiness perceived by players. These conditions impacted mainly on lending to businesses, whose negative growth caused loans to contract, rather than on the volumes of loans to households. As regards **bank funding**, the marked decline in resident customers' deposits was but partially offset by the process of savings reallocation to assets with better returns, such as time and long-term deposits, and by the development in the bond segment, with special regard to government securities. The **asset management** segment resumed to grow, thanks especially to the positive contribution given by financial markets, which offset the persisting weakness in net funding.

Bank loan quality proved again at all-time high levels, although risk ratios (such as the default rate) showed some small worsening signs, with the industry NPL ratio remaining stable thanks to the fact that disposals of non-performing loans on the market continued, albeit to a lesser extent, and to new defaults being kept under control, despite the increase in interest rates and the economic slowdown.

After the announcement made upon the approval of the "asset decree" on August 7, Article 26 of Italian Law no. 136 of 9 October 2023 introduced a windfall tax (known as "**tax on extra-profits**") to be calculated on the increase in net interest income. The aforementioned law sets down that the interest income amount exceeding the 2021 figure by at least 10% be taxed at a 40% rate, with a ceiling set at 0.26% of RWA, and allowing banks not to pay the tax upon condition that an amount of no less that 2.5 times that of the calculated tax be allocated to a non-distributable reserve. The decision made by the leading banking groups was to strengthen their equity, opting to set aside a non-distributable reserve.

In the Italian banking system **capitalization** remains **considerably strong** as regards essentially all significant banks, whose capital ratios are well above the minimum requirements applicable as of 1 January 2023 as set by the Supervisory Authority after the SREP carried out in 2022. Italian banks' own funds further grew in 2023 thanks to self-financing through their record-high earnings and to the decision made by the Italian banking groups to allocate an amount equal to 2.5 times the windfall tax to a non-distributable reserve, in addition to the decrease in RWAs. Giving further evidence of their capital strength, Italian banks passed – with flying colours – the stress tests conducted jointly by the EBA and the ECB in H1: on the background of more than reassuring results achieved by the European banking system as a whole, the capital strength of Italian banks proved once again higher than that of their French and German counterparts, minimizing the decrease in the average CET1 in situations of extreme recession, hyperinflation and increasing interest rates.

Having regard to the performance of the Italian banking system as a whole[17]:

In December 2023, **loans to households and businesses** came to 1,296 billion Euros, down by -2.2%. Based on the Bank of Italy's official data, the hardest hit business segment was that of loans to non-financial corporations, which, in November 2023, posted a -4.8% YoY decrease; loans to households also declined by -1.2% YoY, as it was affected by some slowdown in home loans (flat YoY), whereas newly originated consumer loans increased (+4.1% YoY), with the two categories showing a diametrically opposed trend during the year: a decreasing trend in home loans and an increasing trend in consumer loans.

The **weight of non-performing loans** on total loans originated by significant banking groups – both gross and net of adjustments – remained essentially stable thanks mainly to the *derisking* process that continued in 2023, albeit not with the same intensity as in the previous years, which offset the slight increase in the default rate.

In this situation, the recomposition of non-performing loans towards higher-riskiness *clusters*, due to the developments in the macroeconomic scenario and to the slowdown in disposals, caused the weight of **net bad loans** to increase to 1.05% in October 2023 vs. 0.92% in November 2022. In terms of in-force business, total bad loans came to Euro 17.7 billion, increasing by +9.7% YoY.

The **liabilities to the Eurosystem** continued to decrease following the progressive repayment of the loans obtained within targeted longer-term refinancing operations (TLTRO-III) and arrived at maturity.

In December 2023, total **direct funding** (deposits from resident customers and bonds) had decreased by -1.5% vs. the previous year. The decrease was strongly affected by customers' deposits (down by -3.8% YoY with 71.0 billion less on volumes), which were impacted by the monetary policy normalisation process and the slower alignment of rates on current accounts than of those on current accounts; the same factors favoured the development in medium/long-term funding, which consists of bonds (+19.1% YoY), driven by the increase in demand for government securities by households. In the year **Green, Social and Sustainability Bonds continued to be placed** aimed at financing or refinancing new and/or pre-existing ESG projects, in an innovative and constantly in ferment scenario, with the publication, at the end of November 2023, of the new legislation governing the EY green bonds.

As at December 2023, the **interest rates applied to loans to customers** implemented the further hikes deployed by the European Central Bank in its benchmark interest rates: the average rate on total loans was 4.76%, (vs. 3.20% as at December 2022); the interest rate on newly originated home loans was 4.42% (vs. 3.01% in December 2022), and the interest rate on new loans to businesses was 5.69% (vs. 3.55% as at December 2022).

The same development occurred in **interest rates on bank funding**, which concomitantly increased vs. the previous year: as at December 2023 the average interest rate on total bank funding from customers stood at 1.16% (0.61% as at December 2022).

The **spread** between the average rate on loans to customers and the average rate on deposits from households and businesses gives a snapshot of the new interest rates applied as at December 2023 and it stood at 298 basis points, increasing vs. 260 basis points as at December 2022.

Having regard to the **asset management**[18] industry, as at December 2023 the whole-industry net inflows posted negative growth of -48 billion from the year opening, a change in trend vs. the +20 billion growth as at December 2022 due to the economic situation, taking assets under management to 2,311 billion Euros. Over total assets under management, the portion under collective management schemes (open-end and closed-end funds) stood at 1,218 billion Euro, equal to 53% of total AuM: investments in portfolio management came to 1,094 billion Euros and accounted for the remaining 47% of total AuM.

17 ABI Monthly Outlook (January 2024).

18 Source: Assogestioni, Monthly Map of Assets Under. Management (December 2023).

Lastly, the integration of sustainability **(ESG)** factors in business and oversight processes has become a strategic priority for intermediaries to all intents and purposes and intermediaries have been increasingly developing their awareness of the challenges and opportunities connected to ESG factors for their respective business models. In the last few years, not only has the ESG scope become more and more central in business plans and in investment decisions, but it has also driven the regulatory reform process with the introduction of supervisory expectations on the integration of climate-related and environmental risks in business systems and the design of specific *disclosure* obligations in sustainability reporting. This is the background of the decision made by the European Council to adopt a new regulation, which was published in November 2023 and lays down uniform requirements for issuers of bonds who wish to use the designation "European Green Bond" or "EuGB" for their sustainable bonds. The Regulation aims at promoting consistency and comparability in the market of green bonds as a step further in the EU's strategy towards sustainable growth and towards the transition to a climate-neutral economy, setting up a supervisory framework and some requirements on voluntary reporting to prevent any *green washing*.

REGULATORY AND SUPERVISORY ACTIONS[19]

After the string of extraordinary monetary policy measures adopted by Regulators during the after-pandemic period to support the economy, the change in the economic situation and the more restrictive approach in the monetary policy deployed to bring inflation under control entailed the tapering of the previously adopted measures. Therefore, following the general repayment of the loans allotted in the third series of **Targeted Longer-Term Refinancing Operations**, **TLTRO-III**), especially of loans for about 500 billion Euros maturing in June 2023, the total loans to the banking industry still outstanding under that programme came to 491 billion Euros in the Euro Area and to 152 billion for Italy, which will be fully repaid by the end of 2024.

As of last July reinvestments under the ECB ***Asset Purchase Programmes*** **(APP)** have been discontinued, which resulted in the APP portfolio decreasing by approximately 75 billion Euros vs. June 2023, consistently with the "Quantitative Tightening" process started by the ECB last year.

Having regard to the **Pandemic Emergency Purchase Programme**, **(PEPP**), the Governing Council reiterated that it intends to reinvest the principal payments on maturing securities under the PEPP flexibly until at least the end of 2024, progressively reducing the PEPP portfolio by reinvesting the principal payments on maturing securities to a partial extent only.

THE SUSTAINABILITY PLAN

THE LEGISLATION AND REGULATORY FRAMEWORK

The European and international legislation and regulatory framework is constantly evolving: the main aim is to achieve the climate change goals contained in the Paris Agreement on Climate Change, in the United Nations 2030 Agenda for Sustainable Development adopted in 2015, and in the European Green Deal. The international scenario is increasingly impacted by regulation and, in particular, the banking industry is playing a more and more central role in this regulatory revolution and in assisting individuals and businesses in their climate, energy and social transition. The new developments that took place in 2023 were the first publication of the disclosure of ESG Risks and on the actions for their mitigation as required in Pillar 3 disclosure to be given by listed banks. In the 10 templates to be filled in, the EBA has asked banks to report: (I) Quantitative KPI on the exposure to physical and transition climate risks, (ii)mitigation actions to manage the exposures, (iii) Green Asset Ratio (GAR), (iv) Banking Book Taxonomy Alignment Ratio (BTAR), (v) in addition to qualitative information on strategy, governance and risk management. Having regard to Crédit Agricole Italia, please see the disclosure given at the Crédit Agricole Group level, which includes the Italian figures. The important indicators the market will focus on in 2024-25 are three: the percentage weight of eligible assets, the Green Asset ratio (GAR) and the Banking book Taxonomy Alignment ratio (BTAR).

As regards the EU Taxonomy on the environment, Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 (link) supplementing Taxonomy Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as environmentally sustainable. Indeed, activities shall, on the one hand, contribute substantially to one or more of the identified environmental objectives and shall not significantly harm the other five ("Do No Significant Harm – DNSH" clause), and, on the other hand, shall be carried out in compliance with the minimum safeguards laid down by the Regulation and shall comply with technical screening criteria that have been established by the

19 Source: Press releases of the European Central Bank (ECB).

Commission in accordance with the Regulation. All firms subject to the Non-Financial Reporting Directive (NFRD) shall disclose information on how and to what extent the firm's activities are associated with economic activities that qualify as environmentally sustainable.

Furthermore, on 22 November 2022 the European Commission approved the Corporate Sustainability Reporting Directive (CSRD) which has been transposed in some European Countries (including France) and is being transposed in Italy and amends the Non-Financial Reporting Directive (NFRD) binding all large firms to the provision of detailed disclosure on sustainability in accordance with disclosure in different stages from 2024 to 2026. In accordance with the CSRD, at the Commission's request, the new European Sustainability Reporting Standards were developed by the EFRAG and published; they require very detailed information on ESG factors with over 1000 data points. The European Union has estimated that the number of companies that present their Non-Financial Statements (NFS), currently 11,700, will increase to about 49,000, of which 4,000 in Italy.

THE CRÉDIT AGRICOLE GROUP'S COMMITMENT

Consistently with our *raison d'etre* "Working every day in the interest of our customers and society", we have renewed out ESG strategy, which has the climate transition and social usefulness at its core. This concept is expressed by the "fair transition" recommendation, namely the transition towards climate neutrality in the Union by 2050 ensuring that no one "is left behind", in particular those with specific needs, from young people, to foreigners, to those disadvantaged groups to those differently abled.

In this scope, the Crédit Agricole Group's commitment to sustainability can be fully expressed in pursuing ambitious environmental and social goals for the complete implementation of its Societal Project, one of three Pillars of the Group's MTP, alongside the Customer and People Pillars. Three collective mobilization matters have been identified and comprise 10 specific targets:

1. Acting sustainably for the climate and the transition towards a low-carbon economy;
2. Strengthening social cohesion and inclusion;
3. Facilitating a successful Agri-Food transition.

The Group has placed the ecological transition and social usefulness at the core of its development strategy using its universal banking model to support the transition towards carbon neutrality in 2050.

The Group's commitment to these matters tells the story of a twenty-year journey, which started when the Group joined the United Nations Global Compact (2003) and went on with the adoption of the Principles for Responsible Investment (2006), the Green Bond Principles (2014), the Paris Agreement of Climate Change (2015) and the United Nations Principles for Responsible Banking (2019). In 2021 all the entities of the Group joined the four Net Zero initiatives and the Group set ambitious goals in term of decarbonization of its loan and investment portfolios, while ensuring full-range assistance to individuals and households with the "home" path and to businesses, both Retail and Corporate banking Customers.

The Crédit Agricole Group is one of the few Banks that have joined also the other three Net Zero initiatives: NZ Asset Managers Initiative, NZ Insurance Alliance, NZ Asset Owner Alliance. Specifically, the Group has undertaken to define decarbonization trajectories in as many as 10 economic sectors that account for 80% of global CO_2 emissions and for approximately 60% of the Group's loans: oil&gas (75% reduction in the carbon emissions linked to the oil&gas sectors by 2030, raising the previously announced goal of 30% reduction), automotive (-50%), energy production (-58%), commercial real estate (-40%), cement (-20%), steel (-26%), maritime transport (-36%), residential real estate target with emission intensity of 12.4 kgCO2e/m^2, agriculture (-18%) and aviation (-25%).

The Crédit Agricole Group's commitment was formalized both in the 2022 Non-Financial Statement of Crédit Agricole S.A. and in a guide published in May 2023, its White Paper or *Livre blanc*[20] "Acting for the climate: our contribution to carbon neutrality by 2050". In December the Crédit Agricole Group presented the measures intended to strengthen and speed up its climate strategy and announced the new trajectories for the decarbonization of its loan portfolios, to reach the CO_2 neutrality goal by 2050.

20 https://www.credit-agricole.com/pdfPreview/200658.

The climate strategy of Crédit Agricole S.A. is based of six strategic drivers:

1. Accelerating the advent of **renewable energy**;
2. Making climate transition accessible to all;
3. Gradually phasing out **fossil fuels**;
4. Achieving the goals set within the **Net Zero Banking Alliance**;
5. Acting for **biodiversity** and for natural capital preservation;
6. Reducing its direct environmental footprint to reach net zero emission by 2050.

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

As to the environmental scope, Crédit Agricole Italia continues to pursue the goal of integrating Sustainability throughout its value chain "from upstream to downstream" to assist its customers, suppliers and providers and its regions in their climate transition: specifically, developing an range of products and services to accompany its customers on their journey to sustainability and creating a Wealth Management advisory model that is distinctive in ESG terms, thus making sustainability a business driver. The integration of ESG criteria in the risk management, lending, carbon footprint and human resources scopes remains central, with special focus on training.

Yet another goal is ensuring that CA Italia's strategies, processes and products are fully compliant with the ESG requirements set by the Regulators, implementing an innovative IT architecture enabling to manage the regulatory obligations (Taxonomy, ECB/Bankit expectations, Pillar 3 ESG, Disclosures and NZBA) as well as commercial ones.

Crédit Agricole Italia has fully embraced the climate strategy of Crédit Agricole S.A. fine-tuning it to the Italian arena, with the following sectors having been set for priority decarbonization action: residential mortgage loans, commercial mortgage loans, Agri-Food business. Consistently with the expectations of Crédit Agricole S.A. the direct carbon footprint generated by our business activities is firmly on a constantly decreasing trend.

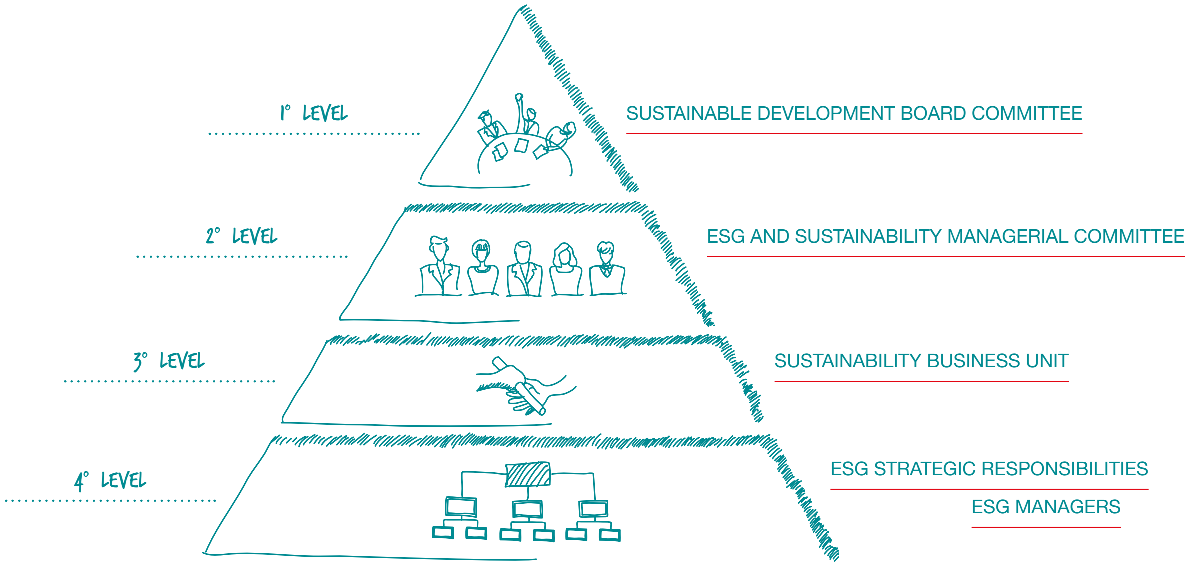
The ambitions set in Crédit Agricole Italia's Sustainability Plan are the following:

- Promoting a holistic approach to the Environment, Social and Governance (ESG) pillar;
- Being a reference partner for Customers in their transition journey;
- Implementing the applicable legislation and regulations turning risks into business opportunities;
- Continuing to invest in the social field, with special focus on the regions and communities we operate in.

GOVERNANCE

Crédit Agricole Italia started on its sustainability journey in 2021 in a structured manned, by defining its Sustainability Governance and strategy. The Governance follows the Bank of Italy's hybrid model on four tiers: the first two tiers consist of a Sustainable Development Board Committee and of an ESG and Sustainability Managerial Committee. The former assesses the Group Sustainability Polices and submits them to the BoD, while the latter is tasked with steering, promoting, approving and overseeing strategic plans and initiatives in the sustainability scope. The third tier consist of a project coordination structure, the Sustainability Business Unit, working alongside the Bank's Functions (fourth tier) vested with ESG strategic responsibilities, in which there are 30 ESG Managers reporting directly on a dotted line to the Sustainability Structure. The Structure has been strengthened setting up the ESG Disclosure Service, which sees to disclosure obligations.

In 2023 the Group's Sustainability Governance was modified assigning the management of the environmental, social and governance three pillars to three different internal structures, in order to effectively handle the high number and complexity of the projects to be implemented.



STRATEGY

The strategy has been set out in the **Sustainability Plan** and, in 2023, mainly focused, as regards the Environment Pillar, on managing and implementing the ESG applicable legislation and regulations and of three other macro-matters, namely the 'ESG Data Framework, commercial products and services and wealth management ones. Furthermore, the ESG initiatives concerning risk management, lending, procurement and suppliers, HR and internal and external Communication have by now become part of day-to-day operations. To this effect, the ESG section of Crédit Agricole Italia's internal website was restyled in order to provide all employees with up-to-date information and insight on ESG matters.

The activities that were carried out in 2023 and will continue in 2024 are exhaustively reported below:

1) **NET ZERO BANKING ALLIANCE (NZBA)**: Crédit Agricole Italia to the achievement of all the Group's goals in the Net Zero Banking Alliance scope; in 2023 Crédit Agricole Italia continued to define the approach, the baseline and the CO2 reduction target for its priority sectors: Commercial real estate, residential real estate and Energy production. In 2024 CA Italia will continue to work on the other sectors. The lending policies have been and are kept aligned with all relevant developments.
2) **PILLAR III on ESG**: the The Pillar 3 framework on prudential disclosures on ESG risks is intended to allow investors and stakeholders to compare the sustainability performance of institutions and of their financial activities. It will support institutions in the public disclosure of meaningful and comparable information on ESG-related risks and vulnerabilities (including physical and transition risks), as well as information on Taxonomy-aligned activities that contribute to environmental objectives, including actions for climate change mitigation and adaptation (Green Asset Ratio and Banking Book Taxonomy Alignment Ratio). Within these activities, Crédit Agricole Italia discloses that information in accordance with the Pillar III prudential disclosures in compliance with Article 449a of the CRR and consistently with its Parent Company Crédit Agricole S.A.. The reporting of the mandatory Templates has until now been managed with a phased-in approach, consistently with the regulatory expectations. As at 31 December 2023, Crédit Agricole Italia contributed to the Pillar III disclosures of its Parent Company Crédit Agricole S.A. processing the templates on:
   - Exposures to high transition risk sectors;
   - Breakdown of the real estate assets used as collateral by energy performance class;
   - Climate-related physical and transition risks As of 30 June 2024, the Group will be required to give full disclosure of all the EBA templates, including information on financed GHG emissions (Scope 3) and the EU Taxonomy. Crédit Agricole Italia is strengthening the processes for the production of the indicators to be published under the EU regulations, again consistently with the guidelines of the Crédit Agricole Group, in order to ensure the completeness, significance and quality of the data and time to production.

3) **DISCLOSURES AND CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)**: in 2023, Crédit Agricole Italia once again decided to voluntarily publish its consolidated Non-Financial Statement, in accordance with the NFRD for the last time. Indeed, starting from the 2024 reporting period, the applicable legislation shall be the Corporate Sustainability Reporting Directive (CSRD) - 2022/2464/EU. In the light of the developments in the new regulatory obligation and consistently with the guidelines of the Parent Company Crédit Agricole S.A., in 2023 Crédit Agricole Italia started a project aimed at preparing the new Sustainability Report in accordance with the CSRD. Indeed, based on the new regulatory framework, Crédit Agricole Italia shall mandatorily publish its Sustainability Report, adopting the new European Sustainability Reporting Standards (ESRS). Furthermore, Crédit Agricole Italia shall contribute to Crédit Agricole S.A. consolidated report. The CSRD project will go on throughout 2024 in close coordination with the Parent Company Crédit Agricole S.A.. The main project streams will concern the organizational model evolution, the necessary IT developments, the integration of sustainability information in the Consolidated Financial Statements and the system of quality controls provided for by the Directive. In carrying out the project, all developments in the applicable legislation and regulations will be taken into account, including the transposition in the Italian law of the EU legislation and the EFRAG guidelines on the value chain and double materiality, as will the guidelines of Crédit Agricole S.A..

ESG Data Framework: in 2023 Crédit Agricole Italia started its ESG Data Framework project stream to develop a new IT architecture whereby the Net Zero decarbonization trajectories, the alignment to the EU Taxonomy and the management of transition risks can be ensured.
The ESG Data Framework will rely on the recovery of information both via direct contact with the counterparties and indirectly via infoproviders and on the development of calculation engines, inside the loan datalake, enabling to define the activities aligned with the Taxonomy and to monitor the decarbonization trajectories, with the ultimate goals of ensuring fully compliant Disclosures (Pillar III ESG, GAR and Non-Financial Statement). This framework will enable to govern strategies, steer the business and to manage lending and risk policies, making sustainability a distinctive element in the Bank’s strategy.

In the **commercial scope** the range of ESG products intended for both individuals and households and for businesses has been enriched. Having specific regard to products for individuals and households, the range of home products, of products for young people, of products for digitalization, social inclusion and sustainable mobility has been enriched.. The following initiatives were carried out:

For young people:
- Enhancement of Conto Giovani;
- “Next Gen” products: account and debit card for people under 36;
- Extension of the «Mutuo Giovani» and Fixed Rate promotion for people under 36.

For social inclusion:
- Enhancement of NIR 0 Loans up to 4,000 €;
- Statement of current account and securities portfolio written in Braille.

For sustainable mobility:
- Cycling initiatives: 0% NIR loan for bicycle purchase;
- Promotion with accident insurance policy covering also sport accidents;
- Vivismart is the insurance policy that protects you in case you suffer injuries when driving rented/shared vehicles and in case of damage caused to third parties by the insured person or third-party family members while using the bicycle, both owned or rented/shared.

For digitalization:
- Taking out Agos loans from the App in self-mode;
- CartaConto spending control.

Given the importance of the energy transition of residential real estate, as asked by the Net Zero Banking Alliance,various activities went live: the new path dedicated to customers interested in upgrading the energy performances of their homes, which gives the property energy diagnosis and identifies the works necessary to increase its energy efficiency through the Green BEES (Building Energy Efficiency Simulator) made by CRIF. Thanks to the partnership with Harley&Dikkinson, a leading player in the energy efficiency upgrading sector, after the diagnosis, customers can be provided with a «turnkey» service including the works. The Scelte di Valore prize contest, dedicated to Customers that take out the Crédit Agricole Greenback of Crédit Agricole a Rata Costante mortgage loans, also gives the possibility to obtain a monthly rebate on the mortgage loan repayment instalment in case of purchase of products promoting sustainable behaviours. In addition, the following actions were carried out:

- Action on a selected perimeter of Customers who are already borrowers to propose the upgrading of their property;
- Evolution in the CA Home portal (partnership with Harley&Dikkinson);
- Natural disaster insurance coverage with cash-back promotions. In mid-2024 this policy is going to be included in the home insurance policy;
- Promotion with fixed rate on «green» mortgage loans.

In the Small Business Retail segment, the “Scelgo Io” range has been designed specifically for the transition of Small Businesses. The «Percorsi Agri» ESG platform went live, which has been designed for farms, with integration in the Home Banking app and Bank database; an abridged questionnaire has been implemented to approach Customers on ESG matters and a commercial action has been deployed targeting Customers with high propensity to transition in a pilot Region. Furthermore, a scheme to support the vulnerable regions and businesses was rolled out in cooperation with l'Istituto di Servizi per il Mercato Agricolo Alimentare (ISMEA). Metrics regarding ESG products have been included in the incentive system. Lastly, digital lending has been extended also to Customers with loans that have not yet been pre-authorized.

Having regard to Corporate Banking, the “Sustainable Evolution” project went on, which is a range of innovative products and services that can be activated in accordance with ESG goals and needs agreed on with the customer companies, both at single company level and at supply chain level. An ESG desk has been set up to provide Customers with specialist advisory services thanks to the expertise of our ESG Experts and of a Team advising on the opportunities under Italy’s Recovery and Resilience Plan (PNRR) Meetings with about 350 customer companies were held in the form «Coffee with enterprises» as were one-to-one meetings between Customers and our ESG Experts. Communication has been strengthened sending two “ESG & PNRR” newsletters. Furthermore, specialist ESG training was provided to the ESG Desk ESG and PNRR Team personnel, Market Head, Structured Finance teams; the ESG service model went live setting up a dedicated Desk; a process was defined and started for Internal Transfer Rate (ITT) discounts on ESG transactions. Subsidized finance agreements were signed with SACE, «SACE Green», and with the European Investment Bank, «EIB Green».

In the **Wealth Management** scope, the following activities were carried out:

- Training: strengthening of the Account Managers’ knowledge of sustainable finance focusing on the ESG assessment main drivers of financial instruments: rating, Sustainable Finance Disclosure Regulation (SFDR);
- Implementation of the protection model: in 2023, the bank service model evolved in order to integrate the main applicable legislation (amendments to MiFID, SFDR, Taxonomy) within the provision of advisory services. Some of those evolutionary upgrades concerned more thorough collection of the Customers’ ESG preferences via a new MiFID questionnaire and the implementation of a new concentration control to measure sustainability at a portfolio level;
- Product catalogue: the mapping of the products in the catalogue has been supplemented with the ESG characteristics reported by the Manufacturers, in order for our range of products to be better and better suited to meet Customers’ interests;
- Events in the Regions: the Group’s commitment to sustainability was enhanced thanks also to events held in the regions where it operates at the presence of its Customers which focused on circular economy, blue economy and energy transition matters through renowned partners, players of excellence based in the regions and industry specialists;
- Financial education projects: “In Spiccioli” podcasts in cooperation with Amundi, a financial information tool whereby economics and finance matters could be dealt with in a simple and immediate manner within the grasp of all consumers.

Furthermore, the activities that are by now firmly established are listed below.

Having regard to **lending**, continuing on the path started in 2022 with the revision of the Crédit Agricole Italia Banking Group’s lending policies, which implemented ESG criteria in credit rating, the implementation of ESG requirements in the Electronic Loan Application Processing has been made fully operational and the Customer ESG File has been released to the Network. The Customer ESG File is the new advanced IT tool designed to meet two needs:

1) Identifying the main ESG risks in an immediate and effective manner, specifically sector risks and physical/climate-related risks that may impact on counterparty enterprises;

2) Assessing individual risks through a guided approach consisting in exchanging views with the counterparty in order to verify the counterparty's ESG position, and then identifying any specific transition projects and preparing consistent financial support proposals to "assist" the counterparty in its transition to sustainability.

Therefore, the ESG File is a diagnostic tool with the ambition of becoming the main ESG factors consulting tool for day-to-day use by the loan proposing and authorizing teams that participate in the various credit rating phases.

Having regard to the direct carbon footprint, consistently with the ambitious project of the Parent Company Crédit Agricole S.A. to reduce emissions by 2030 (the FReD project), consumption monitoring and conservative management of technological systems have been going on. In 2023 specific investments continued to be made to reduce energy consumption, working mainly on electrical energy and natural gas vectors and implementing an operational plan to enhance energy efficiency (via revamping and revamping actions), projects for space optimization at multifunctional hubs and optimization of the commercial network. Green procurement policies also continued to be implemented as regards both electricity (100% certified as to Origin Guarantee - OG) and natural gas (with the related CO_2 compensation) as well as consumption of energy produced by owned photovoltaic plants.

Having regard to **sustainable procurement**, the supply chain management model continued to be developed with the inclusion of ESG criteria in procurement and supplier selection processes through campaigns, surveys and specific training.

Along the path started in 2022, the assessment (3-year duration) of our procurement procedures and processes continued for the "Sustainable Procurement" UNI ISO 20400 certification with the goal of improving our certification score vs. the previous year.

Having regard to the 2023 implementation of the "Social Pillar" of our Sustainability Plan, the activities focused both on corporate social responsibility (CSR) in the regions and communities where we operate and on constant commitment to fostering gender inclusion and equality.

The current Business Plan of the Crédit Agricole Italia Banking Group holds CSR as a cornerstone of its corporate culture, closely connected to its mutualistic and cooperative DNA, a key driver of the Group's strategic development. It has translated into projects and initiatives that are driven by our ethics and identity, generate social and environmental impacts, create added value in the regions where we operate aimed at supporting their growth and have the role of "providers of assistance in change" to our external stakeholders, such as young people, households, businesses, suppliers and to the communities living in the regions. The CSR scopes of activity are the following:

1. **CrowdForLife** Crédit Agricole Italia's crowdfunding platform:

   In 2023, CrowdForLife activity continued. Gone live in 2019, CrowdForLife is the crowdfunding donation platform of the Crédit Agricole Italia Banking Group, which serves the purpose of hosting fundraising campaigns to tangibly respond, involving a larger and larger number of donors and supports, to the needs expressed by the local communities and by the regions. Evidence of the Group's commitment is given by the many fundraising campaigns held to support initiatives in scopes such as social inclusion, education, research and healthcare, the environment: from its go-live to December 2023 funds amounting to **over 3.1 million Euros were raised, 80 projects were published on the platform and over 800 applications were received.**

   - **CrowdForLife initiatives with specific themes in partnership:**
     - **"Crédit Agricole For Dream"** a tool designed to support **12 innovative projects, throughout Italy, in favour of the environment and social inclusion**.

       Nearly 160 applications were received, from which the winner entities were selected and could publish their fundraising campaign on our platform. In its turn, together with its **4 partner Foundations**, Crédit Agricole Italia supported the individual projects doubling the amount donated through the platform. All the projects aimed at the achievement of Goals 10 and 13 on the UN 2030 Agenda for Sustainable Development.
     - **Crowd For Innovation** - "**Crédit Agricole Italia and the University of Brescia, together for research"**: the first crowdfunding initiative in partnership with Universities to support teams of students, researchers, etc. in raising funds for innovative projects published on CrowdForLife.
     - **Fundraising campaigns to help the regions hit by natural disasters and emergencies.**

2. **Corporate volunteer programme** to foster the sense of belonging and knowledge across the different corporate structures and entities of the Crédit Agricole Group in Italy and to raise awareness about environmental and social matters, in which over **400 volunteers** participated and was held in partnership with:
   - **Save the Children:** the second corporate volunteer initiative, with the participation of volunteers belonging to the Crédit Agricole Group in Italy, to establish a network of relations among our employees, citizens and enterprises and to combat digital education poverty, with actions at schools and associations engaged in educational activities with the volunteers in the role of experts in specific subjects. **Digital Connections:** thanks to the cooperation with the scientific community of the CREMIT and E.D.I. Onlus, the project involved students between 12 and 14 years old. The contribution given by the Volunteers consisted in making video training pills. **Punti Luce:** a network of dedicated spaces in socially vulnerable areas to provide children and teenagers between 6 and 17 years old with the opportunity to participate in training and educational activities. Our volunteers contributed to a digital workshop in which, together with educators from Save the Children, environmental sustainability, circular economy and ecology matters were examined.
   - **Legambiente:** the sixth corporate volunteer project was completed, as always fostering proactive participation of our employees in the life of local communities. Parks, beaches and community and urban gardens in 6 cities throughout Italy (Catania, Milan, Naples, Parma, Rome and Sondrio) were restored to their original beauty thanks to the teamwork and care of the employees of the Group's entities. From May to September, in the various legs, a total amount of waste of over 330 kg was collected.
   - **Fondazione Francesca Rava - NPH Italia ETS** with the go-live of the first initiative in the **"In Farmacia per i Bambini" (at the pharmacy for children) project:** Crédit Agricole Italia and the other entities of the Group in Italy stepped in nationwide to raise awareness about children's rights and to collect over-the-counter pediatric medicines, baby food and baby care products, to be donated to charities. **"Palla al centro" project:** in cooperation with the Juvenile Court of Milan and the Lombardy Juvenile Justice Center, the project aims at taking care of the wellbeing of children in prison, with initiatives for their re-education and their reintegration into society, school and work. Crédit Agricole Italia and the entities of the Group in Italy participated in the project for painting rooms at the Penitentiary to make their rooms nicer and to teach them useful skills for their future and for their reintegration into work and school.

   Other volunteer activities:
   - **Emergency Response Activity with "Misericordia" di Campi Bisenzio** volunteer initiative, during working hours, to support the communities and regions hit by natural disasters in the Campi Bisenzio area in the province of Florence, which was held in November.
   - **"Adopt a shelf – Emporio Solidale Piacenza Onlus"** the volunteers participated in the operations of the Emporio Solidale food bank stocking shelves, sorting products, taking delivery and disposing of boxes, etc.
3. **School Programme,** the Bank continues with its initiatives for young people, to support them in building their future and enabling skills, besides fostering equal opportunities, assisting them in their work training and orientation and new socialization approaches, through **5 important partnerships**, which involved **over 6,500 participants**:
   - **With FEDuF (Financial and Savings Education Foundation):** financial education programmes started specifically focusing on: sustainability, innovation, civil and circular economy, sustainable finance; in the 2023-2024 school year, the initiative involved students from upper secondary schools based in the all the Regions where CA Italia operates, primary schools based in Sondrio and employees of the Group as speakers.
   - **With Save the Children (2021-2024):** "**Digital Connections – to connect with others and with the world around us**" it is a project funded by all the companies of the Crédit Agricole Group in Italy and implemented nationwide. The initiative has 3-year duration and is implemented also in cooperation with CREMIT – Research Center on Media Innovation and Technology Education of Università Cattolica del Sacro Cuore of Milan and Cooperativa Sociale E.D.I. ONLUS. The goal is to reduce digital educational poverty of children between 12 and 14 years old, at school carrying out curricular activities in the civics programme. The participant schools are given a **multimedia Newsroom**, a physical place that is "distinct" from the schoolroom, where students can use technological equipment to produce digital works.
   - **With CASCO Digital Learning and Fondazione Carolina: "Digital kindness**" a project for education in digital kindness to teach how to communicate on-line to reduce cyberbullying and body shaming, and to make young people "kind creators" of contents and key players in disseminating the value of kindness among their peers. Students from upper secondary schools in Milan, Parma and Lucca created digital contents as graphic designs, podcasts and video-productions.

- **With ELIS:** the two-year initiative, which had started in 2022, came to its close having succeeded in involving about 3,000 students between 13 and 19 years old from upper and lower secondary schools based in all the Italian regions where the Group operates. The students had the opportunity to get to know the Crédit Agricole Group and to be given support in their educational and vocational orientation on the jobs of the future.

4. **New Life Project** is a project involving the various corporate structures to carry out initiatives for the recycling, reuse and regeneration of tangible assets and real estate units owned by the Banking Group and that can be given for social and environmental purposes to associations based in the regions and to raise the awareness of the Group's employees about circular economy and sustainable behaviours.
   - **Reuse:**

     Suspended Toy: our employees donated **2,386 toys** and used books to the Italian Red Cross Regional Committees to be given to children and families affected by financial and social vulnerability during the Christmas Holidays.
   - **Urban regeneration:**

     8 non-operating properties owned by the Group and not used were given **under gratuitous loan for use** to local associations and institutions, in Emilia-Romagna, Lombardy and Tuscany to be used for **social purposes**.
5. **FReD:** Participation continued in the meta-project of the international entities of the Crédit Agricole Group, in order to give a shared framework for CSR initiatives.

As regards **Diversity&Inclusion** matters, in 2023 the Group continued on its inclusion path, which started over ten years ago, setting also the goal of fostering a cultural change that is necessary to achieve full enhancement of all diversities, besides gender. In 2023 the drivers steering our D&I policies concerned:
- *The commitment to enhancing diversities*, through tailor-made events and initiatives;
- *The promotion of Respect for People*, in behaviours and communication;
- *Social inclusion* to be closer and closer to our regions;
- *Support to parenthood and care work* through targeted policies and services;
- *The promotion of several initiatives aimed at fostering the physical and psychological wellbeing* of all People;
- *The development of the related governance and a system to measure specific KPIs,* thanks to which, in October 2023, the Gender Equality Certification was obtained.

These actions substantiate the Group's commitment to creating an inclusive culture and a sustainable work environment.

The various activities are more exhaustively described in the 2023 Non-Financial Statement of Crédit Agricole Italia.

TRAINING AND ENGAGEMENT PLAN

At Crédit Agricole Italia sustainability is more and more part of the training programmes for the Group's employees. The "ESG" training has been designed to ensure that our people develop culture and skills, which are essential in the scope of Italy's Recovery and Resilience Plan, and aims at ensuring the ability to give a more and more targeted response to our Customers' requirements, consistently with and supporting the Group's strategic plan. To that effect, our training programmes include diverse subjects in accordance with their target group and cover a wide range of topics.

The HR Department is responsible for supporting the implementation of a full-range ESG culture through some main drivers: the entry of new resources, the upskilling of the existing personnel and the evolution in internal leadership consistently with the ESG principles and governance. This approach substantiates Crédit Agricole Italia's constant commitment to adopting and promoting sustainability not only as an option but rather as an integral part of its corporate mission and vision.

In 2023, training activities continued and involved all employees, and specifically:
- An ESG specialist training session was held for the Board of Directors, with contents regarding scenario, trend, specialist and regulatory aspects;
- A custom-made and certified training programme was developed, by the name of: "ESG expert". That programme was proposed to the ESG Managers of the functions that have been the most impacted by the developments in the applicable legislation, consisted of 5 sessions held by trainers expert in the sector and

enabled the trainees to obtain the ESG ABI Expert certificate. The certificate is personal and formalized the completion of upskilling programme, which was designed exclusively for the banking industry and aimed at making the context understood and defining the bank's role in the sustainable transformation process underway. Several topics were expanded on, including: the EU environmental taxonomy and its consequences on lending, risk management, finance and disclosure processes. Thanks to the training programme, a shared culture and the skills necessary to make Sustainability a distinctive feature of Crédit Agricole, as well as a strategic driver to assist our Customers on their way to a sustainable transition, ensuring that our products and services target and meet their needs and turning ESG into a development and innovation driver;

- On Digital Academy, the corporate training platform for all employees, 7 programmes were made available on ESG and Third Sector matters;
- Technical training was enhanced (BDI, Procurement), with initiatives such as: training given by the ESG Service both to employees about to take on a responsibility role and within the on-boarding of new hires, technical training given by external experts (for example, Agri-Food training);
- The website is being revised and will make available additional ESG disclosure for training purposes.

Furthermore, the activity of the Sustainability Ambassadors continued in order to disseminate the ESG culture throughout the Firm and to foster sustainable practices. In the reporting year, this community gained about 40 members from both the Network and Central Departments. That of Sustainability Ambassadors is a role that was set up in 2021 to strengthen the ESG Governance and it is held by people on staff in the Network and at Central Departments, who are tasked with listening to, disseminating and promoting the ESG culture within the Group and with our Customers.

The Ambassadors are representative of the various corporate roles and selected paying attention also to gender balance and given a specific training programme and a set of activities coordinated by the Sustainability Business Unit aimed at engaging and involving them more and more and at giving them the tools to be the resonating chamber at our Firm to disseminate our ESG values, strategy and commitments.

The ESG Service continued to provide training on sustainability to the employees that approach for the first time the technical commissions in order to take on the role of Branch Manager, thanks also to the support given by some Ambassadors to their colleagues in their studying.

Yet another material aspect is the active involvement of our employees in sustainable initiatives: Crédit Agricole Italia has been promoting programmes in order for its employees to participate in volunteer and environmental sustainability activities, thus fostering higher involvement and sense of belonging to the sustainability cause.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Flood in Emilia Romagna - Tuscany - Northeast Italy: actions and initiatives to support the communities and our customers

Following the floods that hit Emilia Romagna in May 2023 and the other natural disasters that hit several Italian Regions during the year (for example, Lombardy, Veneto, Friuli-Venezia Giulia,and Tuscany), the Crédit Agricole Group in Italy deployed a structured pan of action to support the communities and areas concerned.

One of the most significant initiatives was the allocation of an amount of 300 million Euros to be used to provide support to the several Italian Regions that were hit by natural disasters in the first half of the year, with special regard to Emilia Romagna, and of yet another amount of 200 million Euros specifically earmarked for support to Tuscany subsequent to the weather emergency that hit it.

The actions consisted in making available credit lines at subsidized terms and conditions and with a streamlined origination procedure in order to foster immediate resumption of productive activities and to provide the businesses based in the area with the necessary liquidity. Furthermore, a fundraising campaign in favour of the Italian Red Cross went live on CrowdForLife, CA Italia's crowdfunding portal, for projects aimed at helping the communities hit by the floods, to which all the companies of the Crédit Agricole Group in Italy contributed, doubling the donations made by their customers, personnel and by members of the public.

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

- To respond to the weather emergency that hit Emilia-Romagna, It suspended the repayment of loan instalments falling due in May and June, in accordance with the. "Flood Decree-law" of 1 June 2023, informing its customers of the adopted measure in the shortest time possible and giving them the possibility to opt for alternative solutions;
- It complied with the provisions resulting from the "Flood Decree-law" being converted into law on 31 July 2023, whereby the Government extended the measure to enterprises having registered office, operational headquarters or local units in the provinces hit by the flood (Reggio Emilia, Modena, Bologna, Ferrara, Ravenna, Forlì-Cesena and Rimini);
- In addition to the measures already contractually established for borrowers, It gave all its Customers (Individuals, Households and Corporations) the possibility to suspend, for up to 12 months, the repayment of mortgage loans, loans and leases concerning buildings and land that had to be cleared as not usable because of the flood, in accordance with the "Head of the Civil Protection Department Order" OCDPC no. 992 of 8 May 2023 later supplemented by the "Head of Civil Protection Department Order" OCDPC no. 997 and no. 1003.

These actions entailed the suspension of repayment of nearly 6,500 loans, for over 4,500 Customers and for a total amount in excess of 600million Euros.

Caring for Customers whose homes or businesses suffered damage caused by disaster events is held as a priority by the Crédit Agricole Group, which, through a highly skilled task force, manages the implementation of the measured provided for by the law supplementing them with measures at its own initiative, reducing time to measure activation thanks to IT solutions being promptly implemented.

Equity investments

The main events concerning the equity investments held by Crédit Agricole Italia are reported below:

- **BDX S.p.A.:** a partnership with the Sesa Group went live, within which Crédit Agricole Italia S.p.A. purchased an equity investment in BDX S.p.A. amounting to 15% of its share capital (BDX S.p.A. is the partner of choice for the transformative development of the Finance, Wealth Management and Bancassurance systems, as well as for a material portion of software development and maintenance in the aforementioned specialist scopes.
- **Blank S.p.A.:** based on the experience gained in France, a partnership has been established between Blank S.p.A. (the French controlling company holding 51% of its share capital) and Crédit Agricole Italia S.p.A. (which holds 49%), to supply Small Enterprises and Freelancers with a user-friendly, transparent and complete range of fully digital products, combining the technological innovation of the French startup with Crédit Agricole Italia's insight into the Italian market . Blank is a professional account for freelancers,

craftspeople, freelancers and self-employed workers, providing them with a mobile application that gives them all the tools and services as necessary to manage their day-to-day business operations directly from the APP, along with a series of banking and insurance services included in the account based on the specific solution.

- **Fiere di Parma S.p.A.:** Fiere di Milano S.p.A. transferred the Tutto Food business unit to CA Italia's investee, subsequent to a share capital increase reserved to it, whereby it now holds 18.5% of Fiere di Parma S.p.A. share capital. Consequently, Crédit Agricole Italia S.p.A.'s equity investment decreased from 32.4% to 26.4%, nonetheless remaining the top shareholder retaining the related influence on the investee's governance.
- **Generlafinance S.p.A.:** the divestment of the equity interest held by Crédit Agricole Italia S.p.A. in the company was finalized, which had started in 2022 within the 'IPO, selling 16.3% of Generalfinance S.p.A. share capital in tranches.

Crédit Agricole Italia S.p.A. substantiated once again its support to the economy with the goal of assisting Italian enterprises in their growth and, to that effect, it opened two new funds:

- Fondo Apei – Private Equity CA Italia: with this Fund the Group intends to invest in medium-sized enterprises, to assist them in their development, strengthening, internationalization and generational turnover. This instrument also enhances the exploitation of synergies between the entities of the Crédit Agricole Group in Italy thanks to the participation of Crédit Agricole Italia, Crédit Agricole Vita and Amundi SGR as also the fund manager.
- Ambition Agri Agro Investissement: this initiative aims at acquiring minority interests in the capital of both French and Italian companies operating in the agri-food sector. The objective is to support and assist the investees in addressing the challenges of agricultural and agri-food transition and in going towards sustainable development in order to contribute to making the agricultural sector more competitive and more respectful of biodiversity, preserving natural resources.

  The fund is going to invest in medium enterprises operating in the agri-food sector, which will be selected based on profitability and financial strength parameters, which are in the phase of developing and making their business grow and which have identified clear ESG transition goals and which shall meet two mandatory criteria related to the two pillars "Contribute to the transition to a low-carbon diet" and "Preserve natural resources".

Le Village by CA

The Le Village by CA project is an initiative that was devised and started in France in 2014 by the *Fédération Nationale du Crédit Agricole*, pursuing the goal of creating an innovation ecosystem at an international level involving startups, large companies and all the Entities of the Crédit Agricole Group. The ecosystem has been growing at a fast pace and today it is one of the most important innovation networks in Europe.

In this scope, Crédit Agricole Italia promoted the opening of a new Village, in order to extend the international innovation ecosystem to the Province of Sondrio and the Lombardy highlands, a strategic area. In May 2023 a NewCo was incorporated and named "Le Village by CA delle Alpi Società Benefit S.r.l.", based in Sondrio, a subsidiary of Crédit Agricole Italia (76.56%) the other shareholders of which are Fondazione Pro Valtellina Onlus and Crédit Agricole Vita. Le Village by CA delle Alpi was opened in early February 2024.

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

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

Geographical rationalization of the physical network

For a few years the banking system is facing a market scenario of higher and higher customer digitalization with more and more transactions and interaction on digital channels, especially as regards payments, with the consequent decrease in visits to physical branches. Nonetheless, at the same time the human factor remains key and fundamental in managing the trust relationship and in providing advisory services on complex needs, such as asset management, insurance and mortgage loans.

In such a scenario, within the wider 2023-2025 Medium Term Plan, a rationalization plan has been designed entailing the revision of the commercial network towards a leaner and differentiated geographical coverage model that is tailor-made on each region's specific features: fewer but larger-sized branches, focus on higher potential areas, maximization of the synergies between commercial channels.

Specifically, the Network optimization plan implemented in 2023 was defined after a thorough analysis covering the performances of the Branches, the characteristics of the region and logistical aspects and resulted in the rationalization of 106 Retail banking Branches, the revision of the service model of 20 branches, which were turned into Points of Contact), and the go-live of some HUBS to foster synergies between Commercial Channels (Ancona, Trento, Udine) meeting the demand of Customers that prefer the service provided by larger-sized branches that can rely on higher specialization. The activity went alongside the implementation of a specific "Customer Strategy" aimed at mitigating any inconvenience for Customers and churn risk.

Covered bonds

In 2023 Crédit Agricole Italia presented two Covered Bond issued in the *Premium* format and compliant with the latest EU legislation to the market. The first issue took place in June and had an amount of 1 billion Euros and 6.5-year maturity, while for the second one had a sole subscriber, the European Investment Bank (EIB), an amount of 400 million Euros and 5-year maturity.

Extraordinary tax on net interest income (windfall tax)

Article 26 of Italian Decree-law 104/2026, as converted with amendments by Italian Law no. 136 of 9 October 2023 established a windfall tax applying to 2023 for banks (non-deductible from the corporate income tax and Italian Regional Tax on Productive Activities tax bases) to be calculated with a 40% rate on the amount of interest income recognized at item 30 of the income statement - Net interest income, for FY 2023, which exceeds by at least 10 percent the same figure recognized in FY 2021.

It also rules that the tax shall not exceed 0.26% of the individual total risk exposure amount determined in accordance with Article 92(3) and (4) of Regulation (EU) 575/2013 as recognized in the 2022 Annual Report and Financial Statements.

The tax, which shall be paid by 30 June 2024, shall not be due if, upon the approval of its 2023 Annual Report and Financial Statements, the Bank decides to allocate part of its net income to an undistributable reserve (which is eligible as common equity tier 1 for the calculation of capital requirements in accordance with the aforementioned Regulation) of at least two and a half times the payable amount of the tax; if, in the future, the reserve is distributed, the tax shall be paid increased by accrued interest on an annual basis at the ECB deposit facility rate.

Based on the Italian law, the estimated amount of the tax, calculated considering the 2021 net interest income recognized in the financial statements of the banks of the Crédit Agricole Italia Banking Group, which were merged in the meantime, is about 153 million Euros.

As the tax has a cap at 0.26% of lenders' risk-weighted assets on an individual basis and as that figure for Crédit Agricole Italia is approximately 33.4 billion Euros, in any case the tax amount cannot be higher than about 87 million Euros, precisely than Euro 86,940,097.

As an alternative to paying the tax, a net income amount of at least Euro 217,350,242.89 shall be allocated to the specific reserve.

No provision has been set aside for the windfall tax considering that the relevant resolution was submitted along with the 2023 Annual Report and Financial Statements to the General Meeting for approval, and assuming that the resolution will be approved as it proposes that a consistent amount of earnings be allocated to the specific non-distributable reserve, also meeting capital strengthening purposes, and considering also that there are no elements that may foreshadow any future distribution of the reserve.

Setting up of the Cronos Vita Assicurazioni S.p.A. new insurance company

In 2023 Credit Agricole Italia was one of the intermediaries that actively participated in the industry-driven solution to the difficulties being experienced by insurer Eurovita Spa, as an intermediary having business in force with that insurer being run off amounting to approximately 370 million Euros, which resulted from the banks Crédit Agricole Italia acquired in the past, as it never had any distribution agreements with Eurovita Spa.

The solution entailed the transfer of a business unit from Eurovita S.p.A. to Cronos Vita Assicurazioni S.p.A., a new company that was set up thanks to 5 leading Insurance Companies and to 30 Banks, under the oversight of the competent Supervisory Authorities, the Italian Ministry of the Economy and Finance and of the Enterprises and Made in Italy one.

The pursued goals was to protect policyholders and, at the same time, to give each one of them the opportunity to manage their portfolio within a company held by strong Italian and international insurance players.

Therefore, effective as of November 1, having obtained the necessary authorizations, Cronos Vita Assicurazioni S.p.A. took over Eurovita Spa's in-force business portfolio,with no modification in the policy contractual terms and conditions for customers . The transfer took place in full respect for the trust relationship between customers and distributors and with full continuation of the relationship for individual customers, who will benefit from the strength of the top five players in the industry and from the terms and conditions stipulated upon the policy signing in their entirety.

Crédit Agricole Italia supported the solution committing to giving a contribution of 307 million Euros in two tranches:

- Loan to the NewCo Cronos Vita Assicurazioni S.p.A. as one of the 28 Distributor Banks at market rates (3.92%) recognizing interest income on an accrual basis over its 8-year maturity. The drawn amounts in the credit limes are defined in accordance with the policies progressively surrendered by customers. The loan amount is at the most 70% of the value of the in-force business. For CAI the policies in force amounted to 367 million Euros and, therefore, their full surrender would determine a loan of 257 million Euros.
- A syndicated loan to the NewCo Cronos Vita Assicurazioni S.p.A. given by six Banking System players (Crédit Agricole Italia, Intesa, BPER, Banco, MPS, Mediobanca), to support the distributor banks that were not able to cover 70% of their portion of the insurer's in-force business. The syndicated loan is at market rates (IRS 8Y + 100bps secured, IRS 8Y + 200bps unsecured). Crédit Agricole Italia contributed with 50 million Euros over a total of 1 billion Euros.

PERFORMANCE OF OPERATIONS

In a scenario featuring high inflation and interest rates increasing after being stable for years, Crédit Agricole Italia generated growing profits thanks to its balanced and diversified business model that relies on an organic development path promoting technological transformation at the service of Customers, reasserting its support to the economic fabric with constant attention to asset quality.

Commercial operations performed well in the main business lines, thanks to the diversified range of products and services made available to Customers, benefiting from the services provided by all the companies of the Crédit Agricole Group in Italy. Worth specific mentioning is the significant development in the customer base, with the acquisition of over 175 thousand new customers (+16% YoY), thanks to the contributions given by both the commercial network and the digital channel. Total assets performed better than the Italian banking system across all segments, which was driven especially by high net inflows of savings (just shy of 4 billion).

Strong capital position with capital well above the minimum requirements assigned by the ECB for 2023: as at 31 December 2023, the CET ratio stood at 13.5%, the Tier 1 ratio at 15.7% and the Total Capital ratio at 18.6%; liquidity also continues to be high with the LCR at 245%.

The attention to loan quality has remained constant: Gross and net NPE ratio down to 3.3% and 1.6%; even stronger coverage ratio (up by approx. +400bps vs Dec. 2022) with the default rate at its all-time low.

Giving evidence of the Group's strength and after revising Italy's outlook, Moody's confirmed its rating of Crédit Agricole Italia at Baa1 with stable outlook, the highest one in the Italian banking system.

Crédit Agricole Italia ranked once again at the top in terms of Recommendation Index, which expressed its appreciation by Customers, in 2023 ranking no. 1 among the universal banks in Italy.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

Reclassified Consolidated Balance Sheet

Assets	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	153,276	189,662	-36,386	-19.2
Financial assets measured at fair value through other comprehensive income	3,868,730	3,520,018	348,712	9.9
Loans to Customers	69,433,503	75,995,595	-6,562,092	-8.6
Equity investments	25,803	33,197	-7,394	-22.3
Property, plant and equipment and intangible assets	2,739,227	2,855,365	-116,138	-4.1
Tax assets	2,029,131	2,764,573	-735,442	-26.6
Other assets	13,442,808	5,442,305	8,000,503	
Total assets	**91,692,478**	**90,800,715**	**891,763**	**1.0**

Liabilities	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net due to banks	2,957,086	5,639,691	-2,682,605	-47.6
Funding from Customers	76,160,617	72,184,520	3,976,097	5.5
Tax liabilities	278,173	313,626	-35,453	-11.3
Other liabilities	3,592,135	4,267,096	-674,961	-15.8
Specific-purpose provisions	674,771	683,756	-8,985	-1.3
Capital	1,102,071	1,102,071	-	-
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,438,977	5,268,193	170,784	3.2
Valuation reserves	-59,504	-54,906	4,598	8.4
Equity attributable to minority interests	24,967	23,074	1,893	8.2
Profit (Loss) for the period	708,185	558,594	149,591	26.8
Total equity and net liabilities	**91,692,478**	**90,800,715**	**891,763**	**1.0**

Reconciliation of the official and reclassified balance sheets

Assets	31 Dec. 2023	31 Dec. 2022
Net financial Assets/Liabilities at fair value	**153,276**	**189,662**
20 a. Financial assets held for trading	198,491	331,982
20 c. Financial assets mandatorily measured at fair value	153,026	186,729
20. Financial liabilities held for trading	-198,241	-329,049
Financial assets measured at fair value through other comprehensive income	**3,868,730**	**3,520,018**
30. Financial assets measured at fair value through other comprehensive income	3,868,730	3,520,018
Loans to Customers	**69,433,503**	**75,995,595**
40 b. Loans to Customers	69,433,503	75,995,595
Equity investments	**25,803**	**33,197**
70. Equity investments	25,803	33,197
Property, plant and equipment and intangible assets	**2,739,227**	**2,855,365**
90. Property, Plant and Equipment	1,155,920	1,262,134
100. Intangible assets	1,583,307	1,593,231
Tax assets	**2,029,131**	**2,764,573**
110. Tax assets	2,029,131	2,764,573
Other assets	**13,442,808**	**5,442,305**
10. Cash and cash equivalents	10,383,650	2,876,381
130. Other assets	2,515,010	1,852,948
50. Hedging derivatives (Assets)	863,647	1,318,646
60. Fair value change of financial assets in macro-hedge portfolios	-328,603	-607,953
120. Non-current assets held for sale and discontinued operations	9,104	2,283
Total assets	**91,692,478**	**90,800,715**

Liabilities	31 Dec. 2023	31 Dec. 2022
Net due to banks	**2,957,086**	**5,639,691**
40 a. Due from banks	-2,331,699	-5,523,611
10 a. Due to banks	5,290,239	11,164,887
To deduct: Lease liabilities	-1,454	-1,585
Funding from Customers	**76,160,617**	**72,184,520**
10 b) Due to Customers	61,888,930	62,145,427
To deduct: Lease liabilities	-319,971	-359,501
10 c) Debt securities issued	14,591,658	10,398,594
Tax liabilities	**278,173**	**313,626**
60. Tax liabilities	278,173	313,626
Other liabilities	**3,592,135**	**4,267,096**
10 a. Due to banks: of which lease liabilities	1,454	1,585
10 b. Due to customers: of which lease liabilities	319,971	359,501
40. Hedging derivatives (Liabilities)	2,139,540	3,815,534
50. Fair value change of financial liabilities in macro-hedge portfolios	-791,351	-1,491,822
80. Other liabilities	1,922,521	1,582,298
Specific-purpose provisions	**674,771**	**683,756**
90. Employee severance benefits	90,428	98,817
100. Provisions for risks and charges	584,343	584,939
Capital	**1,102,071**	**1,102,071**
170. Capital	1,102,071	1,102,071
Equity instruments	**815,000**	**815,000**
140. Equity instruments	815,000	815,000
Reserves (net of treasury shares)	**5,438,977**	**5,268,193**
150. Reserves	1,943,605	1,772,120
160. Share premium reserve	3,495,378	3,496,073
180. Treasury shares (+/-)	-6	-
Valuation reserves	**-59,504**	**-54,906**
120. Valuation reserves	-59,504	-54,906
Minority interests	**24,967**	**23,074**
190. Minority interests	24,967	23,074
Profit (Loss) for the period	**708,185**	**558,594**
200. Profit (Loss) for the period	708,185	558,594
Total liabilities and equity	**91,692,478**	**90,800,715**

Balance sheet aggregates

Due from Customers

Items	31 Dec. 2023	31 Dec. 2022(*)	Changes	
			Absolute	%
- Current accounts	2,938,288	2,908,173	30,115	1.0
- Mortgage loans	42,239,669	42,318,403	-78,734	-0.2
- Invoice financing and credit facilities	17,788,841	17,070,920	717,921	4.2
- Non-performing loans	1,052,674	1,159,771	-107,097	-9.2
Loans to Customers	**64,019,472**	**63,457,267**	**562,205**	**0.9**
Securities measured at amortized cost	5,414,031	12,538,328	-7,124,297	-56.8
Total Loans to Customers	**69,433,503**	**75,995,595**	**-6,562,092**	**-8.6**

(*) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities).. Therefore, the data as at 31 Dec. 2022 have been restated.

As at 31 December 2023, loans to Customers came to 64.0 billion Euros, increasing by 0.6 billion Euros vs. 2022 (up by +0.9%) performing against the trend in the Italian banking system which proved decreasing (down by -2.2%)[21]. Specifically, once again the Group provided households and businesses with constant support, as well as the real economy with support, focusing especially on the ESG transition, through:

- Origination of Home Loans for 3.8 billion Euros, growing vs. the previous year (+10%) despite the strongly contracting market (down by approx. -30%) in a scenario affected by hiking interest rates and by the consequent decline in real estate purchases and sales and in the subrogation market. Worth mentioning is the weight of Green mortgage loans (for class A, B and C buildings), which, in but six months, went up from 12% to 18%, an increase that entirely resulted from the *CA Greenback mortgage loan* launched in April;
- Loans to businesses totalling over 3 billion Euros, markedly growing vs. 2022 (+16%) and driven also by the widening and spreading of *Sustainability Linked and Green Loans* despite the declining market trend caused by the higher cost of money, because of which businesses borrowed less from banks;
- Stronger strategic positioning in the *Agri-Food* sector– a core business segment for the Group – which, as at 31 December 2023, accounted for over 6 billion Euros in loans, up by +2.9% vs. the end of 2022. In order to support the sector even further the *Ambition Agri Agro Investissement Fund* was set up to invest in French and Italian companies operating in the agri-food sector and engaged in the agricultural transition challenges;
- Development in the leasing business through the subsidiary Crédit Agricole Leasing Italia, which, accounting for 1.3 billion Euros in leases (up by +6% YoY) proved again one of the leading players in the Italian leasing industry.

Crédit Agricole Italia's *Non-Performing Loans* continued on their declining trend, which started in the last few years, and, in 2023, went further down by 9% consistently with the derisking action provided for in its Medium Term Plan.

As at the reporting date, Securities measured at amortized cost amounted to 5.4 billion Euros, down by 7.1 billion Euros vs. 31 December 2022. The portfolio downsizing resulted from liquidity optimization needs.

21 Source: ABI Monthly Outlook (January 2024).

Loans to customers: loan quality

Items	31 Dec. 2023			31 Dec. 2022(*)		
	Gross exposure	Adjustments	Net exposure	Gross exposure	Adjustments	Net exposure
Bad loans	600,108	461,278	138,830	514,091	384,469	129,622
Unlikely to Pay	1,519,162	617,786	901,376	1,624,415	626,265	998,150
Past-due/overlimit loans	19,269	6,801	12,468	43,079	11,082	31,997
Non-performing loans	**2,138,539**	**1,085,865**	**1,052,674**	**2,181,585**	**1,021,816**	**1,159,769**
Performing loans - stage 2	7,768,257	334,899	7,433,358	3,826,397	226,138	3,600,259
Performing loans - stage 1	55,607,443	74,003	55,533,440	58,849,000	151,761	58,697,239
Performing loans	**63,375,700**	**408,902**	**62,966,798**	**62,675,397**	**377,899**	**62,297,498**
Loans to Customers	**65,514,239**	**1,494,767**	**64,019,472**	**64,856,982**	**1,399,715**	**63,457,267**
Securities at amortized cost	5,426,766	12,735	5,414,031	12,561,639	23,311	12,538,328
Total Loans to Customers	**70,941,005**	**1,507,502**	**69,433,503**	**77,418,621**	**1,423,026**	**75,995,595**

Items	31 Dec. 2023			31 Dec. 2022(*)		
	Gross exposure/ total	Net exposure/ total	Coverage ratio	Gross exposure/ total	Net exposure/ total	Coverage ratio
- Bad loans	0.9%	0.2%	76.9%	0.8%	0.2%	74.8%
- Unlikely to Pay	2.3%	1.4%	40.7%	2.5%	1.6%	38.6%
- Past-due/overlimit loans	0.0%	0.0%	35.3%	0.1%	0.1%	25.7%
Non-performing loans	**3.3%**	**1.6%**	**50.8%**	**3.4%**	**1.8%**	**46.8%**
- Performing loans - stage 2	11.9%	11.6%	4.3%	5.9%	5.7%	5.9%
- Performing loans - stage 1	84.9%	86.7%	0.1%	90.7%	92.5%	0.3%
Performing loans	**96.7%**	**98.4%**	**0.7%**	**96.6%**	**98.2%**	**0.6%**
Loans to Customers	**100.0%**	**100.0%**	**2.3%**	**100.0%**	**100.0%**	**2.2%**

(*) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities).. Therefore, the data as at 31 Dec. 2022 have been restated.

Loan quality further improved vs. the previous year: total net non-performing loans came to Euro 1.05 billion, down by -9.2% vs. Dec. 2022, thanks to effective internal management of non-performing exposures and to new defaults under control. The NPL coverage ratio hit 50.8%, increasing by 400 bps vs. 46.8% as at December 2022, and the weight of non-performing loans on total loans also improved: the net NPL ratio decreased to 1.6% (1.8% as at December 2022) and the gross NPL ratio came to 3.3% (3.4% as at December 2022).

As regards performing loans, the weight of stage-2 ones increased subsequent to reclassifications made with a forestalling approach; overall the coverage ratio of the performing portfolio increased. For more exhaustive information, please see section "Methods and measurement of expected losses" - Part E of the Notes to the Financial Statements.

Specifically:

- NPL coverage ratio at 50.8% (up by +4.0% vs. 31 December 2022):
  - 76.9% for bad loans (up by +2.1% YoY);
  - 40.7% for Unlikely to Pay (up by +2.1% YoY);
  - 35.3% past-due/overlimit loans (up by +9.6% YoY).
- Weight of non-performing loans at a gross figure of 3.3% (essentially stable vs. 31 December 2022) and at a net figure of 1.6% (down by -0.2% vs. 2022):
  - Weight of bad loans at a gross figure of 0.9% (up by +0.1% YoY) and at a net figure of 0.2% (flat YoY);
  - Weight of Unlikely to Pay at a gross figure of 2.3% (down by -0.2% YoY) and at a net figure of 1.4% (down by -0.2% YoY);
  - The weight of past-due/overlimit loans was zero.

To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities). Therefore, the data as at 31 Dec. 2022 have been restated.

Loans to customers include the POCI assets coming from the acquisition of Credito Valtellinese finalized in 2021.

Funding from Customers

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- Deposits	3,537,774	3,197,704	340,070	10.6
- Current and other accounts	57,338,336	57,819,406	-481,070	-0.8
- Other items	692,849	768,816	-75,967	-9.9
Due to Customers	**61,568,959**	**61,785,926**	**-216,967**	**-0.4**
Debt securities issued	**14,591,658**	**10,398,594**	**4,193,064**	**40.3**
Total direct funding	**76,160,617**	**72,184,520**	**3,976,097**	**5.5**
Indirect funding	**92,888,389**	**87,172,475**	**5,715,914**	**6.6**
Total funding	**169,049,006**	**159,356,995**	**9,692,011**	**6.1**

As at 31 December 2023, Total Funding, as the sum of Direct and Indirect Funding, came to Euro 169.0 billion, increasing by Euro 9.7 billion (up by +6.1%) vs. 31 December 2022.

Specifically, total Direct Funding came to Euro 76.2 billion (up by +5.5% YoY), performing against the contracting market (down by -1.5% vs. Dec. 2022)[22], thanks to the brilliant performance of time deposits and the stability of sight deposits.

In order make funding stronger and more stable, in June 2023 the Group successfully finalized a new issue of Covered Bonds, one of the first Premium label ones in the Italian market, for an amount of 1 billion Euros. The transaction was part of the 16 billion Euros Covered Bond programme with Italian residential mortgage loans as underlying assets. Later on, in October a Premium-label Covered Bond was issued amounting to 400 million Euros, fully subscribed by the EIB, in order to support SMEs and companies operating in the agri-food sector in their energy transition.

Indirect funding

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- Wealth management	23,100,478	21,863,521	1,236,957	5.7
- Insurance products	26,927,778	27,586,712	-658,934	-2.4
Total assets under management	**50,028,256**	**49,450,233**	**578,023**	**1.2**
Assets under administration	**42,860,133**	**37,722,242**	**5,137,891**	**13.6**
Indirect funding	**92,888,389**	**87,172,475**	**5,715,914**	**6.6**

As at 31 December 2023, Indirect Funding came to Euro 92.9 billion, increasing by Euro 5.7 billion (up by +6.6%) vs. 31 December 2022. The asset management in-force business came to over Euro 50.0 billion, increasing by Euro 0.6 billion (+1.2%) vs. the end of 2022, driven by the growth in wealth management (+5.7%).

Assets under administration came to Euro 42.9 billion increasing by Euro 5.1 billion (+13.6%) vs. 2022 tanks to purchases and subscription of securities, mostly government securities.

22 Source: ABI Monthly Outlook (January 2024).

Net interbank position

As at 31 December 2023, the net Interbank Position reported a debt of Euro 3.0 billion resulting from the mismatch between due from banks amounting to Euro 2.3 billion and due to banks amounting to Euro 5.3 billion, of which Euro 3.6 billion to the ECB for TLTRO loans.

The liquidity position proved once again strong in 2023, with the LCR at 245%.

Financial assets held

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Financial assets and liabilities measured at fair value through profit or loss				
- Debt securities	1,434	1,520	-86	-5.7
- Equity securities and units of collective investment undertakings	151,682	185,298	-33,616	-18.1
- Derivative financial instruments with positive fair value	198,401	331,893	-133,492	-40.2
Total assets	**351,517**	**518,711**	**-167,194**	**-32.2**
- Derivative financial instruments with negative fair value	198,241	329,049	-130,808	-39.8
Total liabilities	**198,241**	**329,049**	**-130,808**	**-39.8**
Net Total	**153,276**	**189,662**	**-36,386**	**-19.2**
Financial assets measured at fair value through other comprehensive income				
- Debt securities	3,615,158	3,240,500	374,658	11.6
- Equity securities	253,572	279,518	-25,946	-9.3
Total	**3,868,730**	**3,520,018**	**348,712**	**9.9**

As at 31 December 2023 Financial assets measured at fair value through other comprehensive income amounted to Euro 3.9 billion, increasing by +10% YoY, resulting also from the purchase of debt securities for Euro 0.4 billion.

Government securities held

Items	31 Dec. 2023			31 Dec. 2022		
	Nominal value	Book value	Valuation reserve	Nominal value	Book value	Valuation reserve
FVSEL						
Italian Government securities	11	13	X	12	13	X
Argentinian Government securities	87	-	X	87	-	X
Financial assets through other comprehensive income						
Italian Government securities	3,633,500	3,615,157	11,528	3,304,000	3,240,500	- 9,228
Financial assets carried at amortized cost						
Italian Government securities	4,565,000	4,655,255	X	11,130,300	11,667,781	X
Total	**8,198,598**	**8,270,425**	**11,528**	**14,434,399**	**14,908,294**	**-9,228**

As at 31 December 2023, the total of government securities held amounted to Euro 8.2 billion in nominal terms, decreasing by Euro 6.2 billion vs. the end of 2022 (-43%) resulting from the amortized cost portfolio. The portfolio downsizing resulted mainly from securities coming to their natural maturity and from liquidity optimization needs.

Property, plant and equipment and intangible assets

As at the end of 2023, Property, Plant and Equipment and Intangible Assets amounted to Euro 2.7 billion (-4% YoY).

Breaking down the total figure, "Property, plant and equipment" came to Euro 1.1 billion (down by -8% YoY) and included Euro 279 million in rights of use; net of renewed leases, the decrease resulted from the recognition of depreciation, the writedowns on real estate and from the decommissioning process.

"Intangible assets" came to Euro 1.6 billion (down by -1% YoY) and included goodwill for Euro 1.3 billion.

Specific-purpose provisions

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Employee severance benefits	**90,428**	**98,817**	**-8,389**	**-8.5**
Provisions for risks and charges	**584,343**	**584,939**	**-596**	**-0.1**
a) commitments and guarantees given	80,428	73,904	6,524	8.8
b) post-employment and similar obligations	30,643	24,020	6,623	27.6
c) other provisions for risks and charges	473,272	487,015	-13,743	-2.8
Total specific-purpose provisions	**674,771**	**683,756**	**-8,985**	**-1.3**

As at 31 December 2023, Specific-purpose provisions amounted to Euro 675 million, overall stable vs. the previous year (-1% YoY, -9 million Euros YoY).

Equity

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Share capital	1,102,071	1,102,071	-	
Share premium reserve	3,495,378	3,496,073	-695	
Reserves	1,943,605	1,772,120	171,485	9.7
Equity instruments	815,000	815,000	-	
Reserve for valuation of financial assets through other comprehensive income	-14,794	-15,939	-1,145	-7.2
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-44,710	-38,967	5,743	14.7
Treasury shares	-6	-	6	
Retained earnings for the period	708,185	558,594	149,591	26.8
Total (book) equity	**8,004,729**	**7,688,952**	**315,777**	**4.1**

As at 31 December 2023 book Equity stood at Euro 8.0 billion, increasing by Euro 0.3 billion YoY (+4%); the increase resulted mainly from the retained earnings for period amounting to Euro 708 million net of distributed dividends (Euro 300 million).

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

As specified about in paragraph "Extraordinary tax on net interest income", no provision for that tax has been recognized in the income statement, considering that, along with the 2023 Annual Report and Financial Statements, a resolution was submitted for approval proposing the allocation of a consistent amount of retained earnings to a specific non-distributable reserve.

The Group proved once more its capital strength, which further improved and came well above the minimum prudential requirements assigned by the ECB for 2023, with the ratios given below: **Fully-loaded Common Equity Tier 1 Ratio at 13.5% and Total Capital Ratio at 18.6%.**

Own Funds

Categories/Values	31 Dec. 2023	31 Dec. 2022
A. Common Equity Tier 1 (CET1) prior to the application of prudential filters	6,810,039	6,559,746
of which CET1 instruments subject to transitional arrangements	-	-
B. CET1 (+/-) prudential filters	-34,971	-42,757
C. CET1 gross of the elements to be deducted and of the effects of the transitional regime (A +/- B)	6,775,068	6,516,989
D. Elements to be deducted from CET1	1,733,243	1,877,008
E. Transitional regime – Impact on CET1 (+/-), including minority interest subject to transitional arrangements	-	-
F. Total Common Equity Tier 1 (CET1) (C – D +/-E)	5,041,825	4,639,981
G. (Additional Tier 1 (AT1) gross of the elements to be deducted and of the effects of the transitional regime	815,000	815,000
of which AT1 instruments subject to transitional provisions	-	-
H. Elements to be deducted from AT1	-	-
I. Transitional regime – Impact on AT1 (+/-), including instruments issued by subsidiaries/associates and included in AT1 under transitional arrangements	-	-
L. Total Additional Tier 1 (AT1) (G - H +/- I)	815,000	815,000
M. Tier 2 (T2) gross of the elements to be deducted and of the effects of the transitional regime	1,072,535	1,078,949
of which T2 instruments subject to transitional arrangements	-	-
N .Elements to be deducted from T2	-	-
O. Transitional regime – Impact on T2 (+/-), including instruments issued by subsidiaries/associates and included in T2 Per under transitional arrangements	-	-
P. Total Tier 2 (T2) (M - N +/- O)	1,072,535	1,078,949
Q. Total own funds (F + L + P)	6,929,360	6,533,930

Capital adequacy

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
A. RISK ASSETS				
A.1 Credit and counterparty risks	96,479,153	95,780,299	32,695,071	31,519,437
1. Standardized approach	60,469,510	62,939,901	24,250,692	24,021,986
2. IRB approach	36,008,298	32,838,965	8,432,019	7,483,823
2.1 Foundation	-	-	-	-
2.2 Advanced	36,008,298	32,838,965	8,432,019	7,483,823
3. Asset-backed securities	1,345	1,433	12,360	13,628
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risks			2,615,606	2,521,555
B.2 Risk of value adjustments to loans			1,534	3,411
B.3 Regulatory risk			-	-
B.4 Market risks			638	734
1. Standardized approach			638	734
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			360,818	331,082
1. Basic indicator approach			7,296	6,485
2. Standardized approach			353,522	324,597
3. Advanced approach			-	-
B.6 Other measurement elements			-	-
B.7 Total prudential requirements			2,978,595	2,856,782
C. RISK ASSETS AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			37,232,440	35,709,777
C.2 Common Equity Tier 1/Risk-weighted assets (CET 1 capital ratio)			13.5%	13.0%
C.3 Tier 1 capital /Risk-weighted assets (Tier 1 capital ratio)			15.7%	15.3%
C.4 Total own funds/risk-weighted assets (Total capital ratio)			18.6%	18.3%

As at 31 December 2023 Common Equity Tier 1 came to Euro 5,042 million, increasing vs. the figure for the previous FY (up by Euro +402 million). The increase resulted mainly from the developments in book Equity items, including the portion of retained earnings for the period – which includes also the amount determined in accordance with the applicable law on the 2023 extraordinary tax on banks", amounting to Euro 217 million, which shall be allocated to extraordinary reserve –, lower deductions for DTA/DTL and the annual interest paid on Additional Tier 1 instruments.

As at December 2023 the following transactions were executed for the issue and repayment of subordinated instruments: issue of an Additional Tier 1 (AT1) note for 200 million Euros and subsequent repayment, on the early repayment date contractually provided for of the AT1 instrument issued for the same amount in 2016; issue of a Tier 2 instrument for 215 million Euros and concomitant repayment, on the first early repayment date of a Tier 2 note for 100 million Euros issued in 2018.

As at the reporting date risk-weighted assets (RWA) amounted to 37,232 million Euros, increasing by 1.522million Euros vs. 31 December 2022, mainly reflecting the developments in loans to customers and the increase in operational risk associated with the increase in net banking income for 2023.

In April 2023, the new retail models were released which implement the alignment to the EBA Guidelines on PD and LGD, the management of the new definition of default, the roll-out of the internal model on the CCF parameter, as well as the extension of the AIRB perimeter to the former-Carispezia retail exposure and to the mixed joint accounts segment.

Following the above-reported developments, the CET1 ratio as at 31 December 2023 came to 13.5% (13.0% as at 31 December 2022), the *Tier 1 ratio* to 15.7% (15.3% as at 31 December 2022) and the *Total Capital ratio* to 18.6% (18.3% as at 31 December 2022).

PROFIT OR LOSS

In the reporting year the Crédit Agricole Italia Banking Group proved once again able to consistently generate profits thanks to its balanced and diversified business model.

Its consolidated statutory net income came to Euro 708 million, increasing by +26.8% vs. the same period of last year which reported one-off expenses for Creval acquisition amounting to 20 million Euros and 146 million Euros in tax realignment. Excluding the impact of those non-recurring components, the achieved increase in 2023 came to +63.7% YoY.

Reclassified income statement

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net interest income	1,800,502	1,310,650	489,852	37.4
Net fee and commission income	1,220,530	1,218,950	1,580	0.1
Dividend income	12,667	13,356	-689	-5.2
Financial income (loss)	29,313	33,127	-3,814	-11.5
Other operating income (expenses)	-2,159	3,096	-5,255	
Operating income	**3,060,853**	**2,579,179**	**481,674**	**18.7**
Personnel expenses	-1,017,173	-965,600	51,573	5.3
Administrative expenses	-490,008	-486,364	3,644	0.7
Depreciation and amortization	-197,852	-209,237	-11,385	-5.4
Operating expenses	**-1,705,033**	**-1,661,201**	**43,832**	**2.6**
Operating margin	**1,355,820**	**917,978**	**437,842**	**47.7**
Net provisioning for risks and charges	-22,823	-16,528	6,295	38.1
Net adjustments to loans	-315,800	-286,466	29,334	10.2
Impairment of securities	11,124	-8,432	19,556	
Profit (loss) on other investments	-16,235	7,198	-23,433	
Profit (loss) before tax from continuing operations	**1,012,086**	**613,750**	**398,336**	**64.9**
Taxes on income from continuing operations	-302,159	-179,663	122,496	68.2
Profit (Loss) for the period	**709,927**	**434,087**	**275,840**	**63.5**
Net profit (loss) for the year attributable to minority interest	-1,742	-1,474	268	18.2
Profit (Loss) for the period attributable to the Parent Company net of non-recurring effects	**708,185**	**432,613**	**275,572**	**63.7**
Non-recurring effects(*)	-	125,981	-125,981	-
Profit for the period attributable to the Parent Company	**708,185**	**558,594**	**149,591**	**26.8**

(*) 2022 non-recurring effects amounted to Euro 126 million, of which Euro 20.3 million in Creval integration expenses: net of tax and Euro 146.3 million for tax realignment.

Reconciliation between the Official and the Reclassified Income Statements

	31 Dec. 2023	31 Dec. 2022
Net interest income	**1,800,502**	**1,310,650**
30. Net interest income	1,745,562	1,301,492
40. Fee and commission income: of which Deposit Fees and Commissions	1	4,336
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	(874)	(1)
230. Calit IAS gain	2,039	2,670
100. Profits (losses) on disposal or repurchase of: a) financial assets measured at amortized cost: o/w profit on disposal on inflation-lined BTP govies	40,273	-
100. Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income: of which profit on Inflation BTP	13,501	2,153
Net fee and commission income	**1,220,530**	**1,218,950**
60. Net fee and commission income	1,219,403	1,221,773
To deduct: Deposit fees and commissions	(1)	(4,336)
To deduct: Fees and commissions on disposal of investments	648	892
200. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	480	621
Dividends and similar income = item 70	**12,667**	**13,356**
Financial income (loss)	**29,312**	**33,127**
80. Net profit (loss) on trading activities	14,681	27,838
90. Net profit (loss) on hedging activities	(8,897)	(10,306)
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	874	1
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost - o/w security portfolio	10,824	2,817
100. Profit (loss) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income	26,007	14,744
To deduct: Profit (loss) on disposal or repurchase of:: b) financial assets measured at fair value through other comprehensive income: o/w profit on Inflation BTP	(13,501)	(2,153)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	(2,149)	(2,330)
100. Profit (loss) on disposal or repurchase of: c) financial liabilities	(1,670)	9,057
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	2,566	(11,116)
To deduct: b) other financial assets mandatorily measured at fair value of which measurement of financial instruments	577	4,575
Other operating income (expenses)	**(2,158)**	**3,096**
230. Other operating expenses/income	385,262	332,903
250. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	53	120
To deduct: expenses recovered	(383,074)	(325,459)
To deduct: recovered expenses for the management of non-performing loans	(1,779)	(1,177)
To deduct: Commission income from Fast Loan Application Processing	(480)	(621)
To deduct: Calit IAS gain	(2,039)	(2,670)
To deduct: profit/losses from sublease contract under IFRS 16	(101)	-
Operating income	**3,060,853**	**2,579,179**
Personnel expenses = item 190 a)	**(1,017,173)**	**(965,600)**
Administrative expenses	**(490,008)**	**(486,364)**
190. Administrative expenses: b) other administrative expenses	(885,397)	(852,631)
230. Other operating expenses/income: of which expenses recovered	383,074	325,459
190. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	12,315	9,524
To deduct: annual payment on convertible DTA (Art. 11 D.L. 59/2016)	-	2,590
To deduct Administrative expenses: b) other administrative expenses: of which expenses for Creval integration	-	28,694
Depreciation and amortization	**(197,852)**	**(209,237)**
210. Net adjustments to/recoveries on property, plant and equipment	(126,214)	(112,978)

	31 Dec. 2023	31 Dec. 2022
To deduct: impairment/impairment recoveries on non-current assets held for investment/IFRS 16 right of use	19,003	2,013
To deduct: impairment on assets held for sale under IFRS 5	3,433	-
To deduct: expenses for Creval integration	-	1,595
220. Net adjustments to//recoveries on intangible assets	(94,074)	(99,867)
Operating expenses	**(1,705,033)**	**(1,661,201)**
Operating margin	**1,355,820**	**917,978**
Impairment on goodwill = item 270	-	-
Net provisioning for risks and charges = Item 200 b) other net provisioning	**(22,823)**	**(16,528)**
200. Net provisioning for risks and charges; b) other net provisioning	(38,823)	(17,201)
To deduct: provision for loan management	16,000	673
Net adjustments to loans	**(315,800)**	**(286,466)**
100. Profit (loss) on disposal or repurchase of: a) financial assets measured at amortized cost	73,176	20,949
To deduct profit (loss) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	(10,824)	(2,817)
To deduct: release of provision for impairment of securities measured at amortized cost	(9,528)	(1,650)
To deduct: gains on disposal of inflation BTP Italian Government securities	(40,273)	-
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	(577)	(4,575)
130. Net adjustments for credit risk of: a) financial assets measured at amortized cost	(286,167)	(285,280)
To deduct: net impairment for credit risk of: a) securities classified as financial assets measured at amortized cost	(1,048)	8,710
140. Profits/Losses on contract modifications without derecognition	(7,495)	(694)
190. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	(12,315)	(9,524)
To deduct: recovered expenses for the management of non-performing loans	1,779	1,177
200. Net provisioning for risks and charges: a) commitments and guarantees given	(6,528)	(12,089)
200. Net provisioning for risks and charges: b) other net provisioning o/w provision for loan management	(16,000)	(673)
Impairment of securities	**11,124**	**(8,432)**
130. Net adjustments for credit risk to: a) securities classified as financial assets measured at amortized cost	1,048	(8,710)
130. Net adjustments for credit risk of: b) financial assets measured at fair value through other comprehensive income	(1,601)	(3,702)
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	2,149	2,330
100. Profits (losses) on disposal or repurchase of: a) of which impairment release on securities measured at amortized cost	9,528	1,650
Profit (loss) on other investments	**(16,235)**	**7,198**
250. Gains (losses) on equity investments	4,147	9,102
to deduct Gains (Losses) on equity investments: of which Price Adjustment on disposal of equity investments	(53)	(120)
260. Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(402)	(810)
280. Profit (losses) on disposals of investments	3,056	1,931
210. Net adjustments to/recoveries on property, plant and equipment: o/w impairment/impairment recoveries on non-current assets held for investment/IFRS 16 right of use	(19,003)	(2,013)
210. Net adjustments to/recoveries on property, plant and equipment : o/w impairment on assets held for sale under IFRS 5	(3,433)	-
230. Other operating costs/income: o/w profit/losses from sublease contracts under IFRS 16	101	-
50. Fee and commission expenses: fees and commission on disposal of investments	(648)	(892)
Profit (loss) before tax from continuing operations	**1,012,086**	**613,750**
Taxes on income from continuing operations = item 300	**(302,159)**	**(179,663)**

	31 Dec. 2023	31 Dec. 2022
300. Taxes on income from continuing operations	(302,159)	(20,803)
160. Administrative expenses: b) other administrative expenses o/w annual fee on convertible DTA (Art. 11 D.L. 59/2016)	-	(2,590)
To deduct: non-recurring tax effects	-	(156,270)
Profit for the period	**709,927**	**434,087**
Profit for the period attributable to minority interests	(1,742)	(1,474)
Profit (Loss) for the period attributable to the Parent Company net of non-recurring effects	**708,185**	**432,613**
Non-recurring effects	-	125,981
Profit for the period attributable to the Parent Company	**708,185**	**558,594**

Operating income

Operating income hit 3,061 million Euros, growing by +19% YoY, driven by the increase in net interest income, up by +37.4% YoY, fostered by the commercial component and consistent with the yield curve performance. Fee and commission income was stable (+0.1% YoY), with growth in the commercial banking business (+6.8%) offsetting the decrease in fee and commission income from management and intermediation services (-3.8%).

Net interest income

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Business with customers	1,748,059	1,227,200	520,859	42.4
Business with banks	114,461	42,353	72,108	
Debt securities issued	(500,950)	(61,976)	438,974	
Financial assets held for trading	6	8	-2	-25.0
Assets measured at fair value	273	440	-167	-38.0
Securities measured at amortized cost	240,530	51,433	189,097	
Securities through other comprehensive income	134,377	22,945	111,432	
Other net interest income	63,746	28,247	35,499	
Net interest income	**1,800,502**	**1,310,650**	**489,852**	**37.4**

Net interest income came to 1,801 million Euros, up by 490 million Euros YoY driven by the widening of the commercial spread thanks to the benefit generated by the increasing yield curve, as a consequence of the 10 consecutive hikes by the ECB (from July 2022) of a total of +450 bps. The higher cost of funding was less marked on commercial funding – despite the remix towards forms entailing higher remuneration – than on institutional funding (TLTROIII loans and Covered bonds). The contribution of interest on deposits with the ECB and the security portfolio increased.

Net fee and commission income

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- guarantees given	12,859	10,485	2,374	22.6
- collection and payment services	93,779	87,067	6,712	7.7
- current accounts	278,981	274,537	4,444	1.6
- debit and credit card services	81,862	65,423	16,439	25.1
Commercial banking business	**467,480**	**437,512**	**29,968**	**6.8**
- securities intermediation and placement	246,659	273,406	-26,747	-9.8
- intermediation in foreign currencies	7,053	7,514	-461	-6.1
- asset management	11,483	13,313	-1,830	-13.7
- distribution of insurance products	340,205	343,318	-3,113	-0.9
- other intermediation/management fee and commission income	68,067	62,462	5,605	9.0
Management, intermediation and advisory services	**673,467**	**700,013**	**-26,546**	**-3.8**
Other net fee and commission income	**79,583**	**81,425**	**-1,842**	**-2.3**
Total net fee and commission income	**1,220,530**	**1,218,950**	**1,580**	**0.1**

Fee and Commission Income came to 1,221 million Euros, stable YoY with positive performance in the commercial banking business, which offset the contribution from management, intermediation and advisory services being penalized by the increasing interest rates and by the instability in financial markets, in keeping with a strategy of balance between revenue components.

Specifically, the increase in transaction volumes and transactions made by customers generated an improvement in fee and commission income from collection and payment services (up by +7.7%), from keeping and managing current accounts (up by +1.6%) and from debit and credit card services (up by +25.1%). The management and intermediation business (-3.8%) was affected by the market scenario, which, for most of the year, penalized the in-force business and the placement of asset management products, to the benefit of assets under administration and the strengthening of direct funding from time deposits.

Dividend income

Dividend income from equity investments came to 13 million Euros, mainly regarding the stake in the Bank of Italy for Euro 9.6 million.

Financial income (loss)

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Interest rates	4,404	16,480	-12,076	-73.3
Stocks	-	(89)	-89	
Foreign exchange	10,278	11,447	-1,169	-10.2
Total profits (losses) on financial assets held for trading	**14,682**	**27,838**	**-13,156**	**-47.3**
Total profits (losses) on assets held for hedging	**(8,023)**	**(10,305)**	**-2,282**	**-22.1**
Net profit (loss) on financial assets and liabilities measured at fair value	**3,143**	**(6,541)**	**9,684**	
Total profit (losses) on securities recognized as assets and liabilities measured at amortized cost	**9,154**	**11,874**	**-2,720**	**-22.9**
Total profit (losses) on securities through other comprehensive income	**10,357**	**10,261**	**96**	**0.9**
Financial income (loss)	**29,313**	**33,127**	**-3,814**	**-11.5**

Total Financial Income (Loss) came to 29 million Euros, decreasing by 4 million Euros YoY. This item was impacted by the negative effect of the activity on interest rates regarding the CVA/DVA of derivatives, against realized capital gains within the day-to-day purchase and sale activity on the portfolio of assets mandatorily measured at fair value.

Other operating income (expenses)

The balance of item "Other operating income (expenses)" was negative by Euro 2 million and reports expenses for "amortization of leasehold improvements" amounting to Euro 5.6 million. In 2022 this item was positive by Euro 3 million benefiting from contingent components resulting mainly from the absorbed entity Creval.

Operating expenses

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Personnel expenses	**(1,017,173)**	**(965,600)**	**51,573**	**5.3**
- general operating expenses	(102,942)	(107,889)	-4,947	-4.6
- IT services	(179,231)	(174,491)	4,740	2.7
- direct and indirect taxes	(160,792)	(147,608)	13,184	8.9
- real estate property management	(21,320)	(19,175)	2,145	11.2
- legal and other professional services	(22,874)	(29,256)	-6,382	-21.8
- advertising and promotion expenses	(19,267)	(13,315)	5,952	44.7
- indirect personnel expenses	(9,019)	(7,384)	1,635	22.1
- other expenses	(256,599)	(216,832)	39,767	18.3
- expenses and charges recovered	383,074	325,459	57,615	17.7
- contributions to support the banking system	(101,038)	(95,872)	5,166	5.4
Administrative expenses	**(490,008)**	**(486,364)**	**3,644**	**0.7**
- intangible assets	(94,074)	(98,272)	-4,198	-4.3
- property, plant and equipment	(103,778)	(110,965)	-7,187	-6.5
Depreciation and amortization	**(197,852)**	**(209,237)**	**-11,385**	**-5.4**
Operating expenses	**(1,705,033)**	**(1,661,201)**	**43,832**	**2.6**

Operating expenses, net of the contributions to Bank Resolution Funds, came to Euro 1,604 million, up by +2.6% YoY; this aggregate reports an increase in personnel expenses (+5.3% YoY), being affected by the renewal of the relevant Italian national collective bargaining agreement, whereas the aggregate comprising administrative expenses and depreciation and amortization decreased by a total of -2.2% YoY despite the high inflation scenario, benefiting from the fully operational synergies that resulted from Creval merger and from the efficiency enhancement actions deployed in the last few years – including facility management and geographical rationalization of the physical network.

Including the contributions to the Interbank Deposit Protection Fund and the contribution to the Single Resolution Fund (SRF) totalling Euro 101 million, total operating expenses came to Euro 1,705 million, increasing by +2.6% YoY.

Thanks to increasing income and costs under control, the **Cost/Income ratio** (net of the contributions to Bank Resolution Funds) **hit 52.4%** improving vs. 2022 by 8.3 percentage points.

Income from operations

The operating margin came to Euro 1,356 million, increasing by +47.7% YoY; net of the contributions to bank resolution funds, the figure hit Euro 1,457 million, up by +43.7% YoY.

Net Provisioning for risks and charges

Items	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- revocatory actions	(401)	(2,731)	-2,330	-85.3
- non-lending-related legal disputes	(15,060)	(7,794)	7,266	93.2
- other	(7,362)	(6,003)	1,359	22.6
Total specific-purpose provisions	**(22,823)**	**(16,528)**	**6,295**	**38.1**

Net provisions for risks and charges mostly regarded lawsuits brought against the Bank and revocatory actions and also include an estimate of the damage caused by the floods in Emilia-Romagna and Tuscany to the Group’s branches and other premises.

Net adjustments to loans

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- bad loans	(77,520)	(66,542)	10,978	16.5
- Unlikely to Pay	(147,285)	(165,615)	-18,330	-11.1
- Past-due loans	(4,819)	(10,998)	-6,179	-56.2
Non-performing loans	**(229,624)**	**(243,155)**	**-13,531**	**-5.6**
- Performing loans - stage 2	(100,803)	(20,381)	80,422	
- Performing loans - stage 1	55,763	3,448	52,315	
Performing loans	**(45,040)**	**(16,933)**	**28,107**	**166.0**
Net losses on impairment of loans	**(274,664)**	**(260,088)**	**14,576**	**5.6**
Profits/Losses on contract modifications without derecognition	(7,495)	(694)	6,801	
Measurement of financial instruments	(577)	(4,575)	-3,998	-87.4
Expenses/recovered expenses for loan management	(10,536)	(8,347)	2,189	-26.2
Provision for loan management	(16,000)	(673)	15,327	
Net losses on impairments of guarantees and commitments	(6,528)	(12,089)	-5,561	-46.0
Net adjustments to loans	**(315,800)**	**(286,466)**	**29,334**	**10.2**

Net adjustments to Loans amounted to **316 million Euros (+10% YoY)** resulting from lower cost on non-performing loans (down by -13 million Euros, -5.6%) with higher provisioning by 28 million Euros relating to performing loans, due to reclassifications to stage 2 of buckets having higher forward-looking risk.

The weights of adjustments to loans came to **49 bps** vs. 46 bps as at December 2022.

Profit on disposal of investments

Profit (losses) on disposals of investments came to -16 million Euros (vs. A profit of 7 million Euros in 2022) and this figure mostly resulted from the impairment of investment properties and from the writedown of the rights of use of properties associated with the geographical optimization of the physical network, only partly offset by profits from the disposal of real estate properties and equity investments.

Gross profit (loss), taxes and Net income

Profit before tax came to Euro 1,012 million, increasing by 398 million Euros vs. 2022 (+65%).

Taxes on the income for the period amounted to Euro 302 million vs Euro 180 million in the previous year. The 2022 figure does not include Euro 146 million Euros in one-off tax realignment, obtained thanks to the favourable outcome of the tax ruling applied for regarding the recalculation of goodwill tax bases. In the reporting period Crédit Agricole Italia decided not to pay the windfall tax known as "extraordinary tax on banks", but rather to allocate an amount of 2.5 times the tax amount to a non-distributable equity reserve (totalling 217 million Euros).

Statutory net income came to Euro 708 million vs. the 2022 figure of Euro 559 million, which included Euro 146 million worth of benefit from tax realignment. Excluding the aforementioned non-recurring component and the expenses resulting from Creval acquisition, the 2022 profit hit Euro 433 million (+64% YoY).

Comprehensive income

Items		31 Dec. 2023	31 Dec. 2022
10.	Profit (Loss) for the period	709,927	560,068
	Other comprehensive income after tax not reclassified to profit or loss	**-**	**-**
20.	Equity securities designated at fair value through other comprehensive income	(9,741)	8,068
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	(5,726)	15,576
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured with the equity method:	(19)	12
100.	Financial revenues or costs relating to insurance contracts issued	-	-
	Other comprehensive income after tax reclassified to profit or loss	**-**	**-**
110.	Hedges of investments in foreign operations	-	-
120.	Foreign exchange differences	-	-
130.	Cash flow hedges	-	-
140.	Hedging instruments (non-designated elements)	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	10,887	(22,317)
160.	Non-current assets held for sale and discontinued operations	-	-
170.	Share of valuation reserves on equity investments measured with the equity method:	-	-
180.	Financial revenues or costs relating to insurance contracts issued	-	-
190.	Financial revenues or costs relating to reinsurance cessions	-	-
200.	Total other comprehensive income after taxes	(4,599)	1,339
210.	**Comprehensive income (Item 10+200)**	**705,328**	**561,407**
220.	Consolidated comprehensive income attributable to Minority Interests	1,741	1,481
230.	**Consolidated comprehensive income attributable to the Parent Company**	**703,587**	**559,926**

Comprehensive income posted a net decrease of approx. Euro 4.6 million (+1.3 million Euros in 2022). The security portfolio posted increases in value, which were recognized directly in equity reserves for Euro 1 million, whereas, on defined-benefit plans, equity decreases were recognized for Euro 5.7 million.

Therefore, comprehensive income came to Euro 704 million (vs. Euro 560 million in 2022).

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

Operations and profitability by business segment

As regards operations and profitability by business segment, please refer to the Notes to the Financial Statements Part L – Segment Reporting.

STRATEGIC PLAN AND BUSINESS DEVELOPMENT LINES

STRATEGIC PLAN

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

Despite the current macroeconomic scenario, featuring geopolitical instability, negative impacts caused by inflation and market rates continuing to be firmly high, the Group's long-term strategic ambitions have been confirmed, as have the centrality of the path towards transformation and the investments supporting it.

About halfway through, the Group's **Medium Term Plan** (MTP) is going on amply meeting expectations; the main developments achieved on the MTP's various strategic axes are reported below:

- **Technological Transformation**, to become a fully digital, data-driven bank:
  - **Increase,** vs. the previous year, **in the «Change the Bank» IT investments** on **data centricity,** new platforms, stronger **cyber-security,** flexible and open application architecture;
  - **Roll-out** of the **first architectural and infrastructural initiatives** aimed at making the model more flexible, scalable and open.
- Business model: **Customer-focused universal bank**, with specialist expertise on higher-value segments and focus on organic growth and relational excellence:
  - Strengthening even further the Group's **leadership** in its **scopes of excellence** (Mortgage loans, Agri-Food, WM) and boosting the **businesses with high growth potential** (Bancassurance, Private banking), thanks to the important extension in its range of products, in synergy with the Group's Product Factories, and to the evolution in its service models;
  - Strengthening **specialization** on Mid-Corporate Customers, leveraging also on synergies with the Group;
  - Evolution started in the new **platform** to provide support to **Corporate Customers**, to continuously improve customer satisfaction and the digitalization of products and processes, up to the best market practices.
- **Omnichannel digital Service Model** in order for account managers' time to be "100% relational":
  - Extension of the range of products supplied digitally that can be purchased in a self-mode and sold remotely, with special focus on the Small Business segment, in order to ensure full understanding of Customers' needs and to give them the choice of their preferred channel, thanks to an **advanced omnichannel model**;
  - Go-live of tools and platforms featuring high technological innovation, aligned with the best market practices, in order to improve the relational experience with Customers, reducing the weight of **administrative activities**;
  - Evolution in **Customer Service in an omnichannel direction with the automation of** first-level **assistance activities** and **increase in specialization** on products and services, strengthening its commercial engine nature;
  - Start of the **transformation in the Customer Relationship Management (CRM) framework**, to appreciably improve the customization of products and services and roll out initiatives in real time based on users' interaction on the Bank's main *touchpoints*.
- **New Lending Model** data- and digital-driven in order to reduce the cost of credit and to have faster and more effective decision-making processes:
  - **Credit risk optimization** by implementing **machine learning algorithms** and automating processes for proactive and early loan management;
  - **Evolution of the data infrastructure**, to make it fit to support the entire lifetime of loans, developing specific datalakes;
- **Capital and risks:** the process for the implementation of new internal rating models started in order to ensure even closer control on the regulatory ratios and to optimize RWA in accordance with the developments in the applicable legislation and regulations.

- **People Project**: centrality of Human Capital as a key driver for the achievement of the plan ambitions and for the path towards change:
  - Introduction of **new managerial and leadership models** and creation of new **career and training paths**;
  - **Development of initiatives** aimed at making "**work-life balance**"**central** and at **extending support** to **parenthood:** extension of the smart working mode, parental leave up to 28 days; the "***Top Employers***" **certification was obtained for the 16th year** in a row;
  - Continuing with the **"Next Generation"** extensive generational turnover plan, which started in 2021 and provides for young talents to be hired and their growth fostered so that profiles and skills can be diversified;
  - A **Transformative programme** started for digital evolution of the HR processes and tools, in line with the Group's new size and ambitions.
- **Sustainability/ESG:**
  - Developing a **range of products and services** to assists **individuals and households** (e.g. "*Greenback mortgage loan*") and **businesses** on their **path to climate transition**, while also focusing on social inclusion and cohesion (e.g., the "*Mutuo giovani*" mortgage loan for young people);
  - Integration of **sustainability control** in the **Wealth Management advisory** model;
  - Inclusion of **ESG criteria** in the lending processes and policies;
  - Initiatives aimed at fostering gender **inclusion and equality** in **career paths** (Equity& Gender Pay Gap – Specific paths for the enhancement of female employees with potential); continuing with the "**School Project**" to accompany over 650 students on school and university orientation path aimed at increasing their awareness of topics such as Diversity&Inclusion, sustainability and digitalization;
  - **Signing of the *Climate City Contract*** within the start of the "***Parma Carbon Neutral 2030***" project, as the only bank among the 46 signatories.
- **Geographical footprint and real estate strategy**:
  - Evolution of the ***geographical footprint model*** with a differentiated approach in accordance with the potential of each specific region, maximizing the synergies between the commercial channels and the factories of the Group;
  - **Optimization** actions **were carried out** on the Group's **real estate assets**.

BUSINESS DEVELOPMENT LINES

In 2023 the Crédit Agricole Italia Banking Group continued to strengthen its customer-focused universal banking model even further.

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

- Relational excellence based on deep knowledge of customers, which can provide them with bespoke experiences also remotely, and driven by the implementation of initiatives designed to improve the approach to customers;
- Strengthening of remote selling processes, and more services that Customers can use autonomously via app and home banking, thanks to the development of digital tools to manage the relationships with the Bank;
- CRM tools to support higher and higher proactivity in Customer engagement thanks to products and services fit to meet Customers' needs, behaviours and interests by means of predictive and advanced profiling models, direct marketing tools and tools designed to listen to Customers;
- Constant focus on supporting local economies and to developing ESG matters through initiatives in the regions and bespoke products/services.

Customer Base development

In 2023, the Group continued to develop the Group's customer base via acquisition and retention actions that succeeded in increasing the acquisition rate vs. the previous years and in keeping the churn rate essentially stable vs. the previous year.

Specifically, in 2023 these activities followed some main directions:

- **Developing the existing customer base**, with initiatives targeting our Customers' children in order to generate that generational turnover that is crucial considering Italy's demographic trend;
- **Developing synergies with the regions** through the promotion at businesses that are already our Customers of the Group's banking services designed for employees;
- **Developing specific targets that generate important customer catchment areas**: school/university (students/employees/teachers ecosystem), non-borrower customers in the affluent segment (focus on wealth accumulation), non-customer heirs (decumulation/generational succession);
- **Development on Third Sector Entities**, such as volunteer and social promotion associations, foundations and social cooperatives, with targeted actions to the benefit of the Italian Red Cross committees, employees and volunteers, and initiatives on religious institutions and amateur sport associations;
- **Retention**, focusing on caring tools; furthermore, a **specific strategy for retention and churn risk mitigation** has been designed for the Customers of the branches being rationalized, with a structured approach in terms of tools and dedicated relational opportunities.

Customer satisfaction and relational excellence

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

The main challenges in 2023 have been reflecting the scenario in which we live and the changes generated in the interaction with the Bank and in Customers' expectations. The scenario gave again evidence of the strategic importance of the relational model based on profound knowledge of customers and able to ensure bespoke experiences also remotely.

In 2023 the Customer Satisfaction Business Unit continued to work in a structured manner on customer satisfaction as in 2022; the Group's good performances in terms of **recommendation level** were achieved once again as proved by **its ranking no. 1 among traditional banking players**.

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

In 2023, some specific projects went on:

- **Training plan**, to foster the dissemination of an approach to customers fit to enhance all aspects of the relationship;
- **Omnichannel relational model**, disseminating the *best practices* aimed at improving our Customers' and Personnel's experience;
- Implementation of a **communication plan profiled** on different customer targets;
- **Expanding the range of ways of listening to** our Customers' and Personnel's voices in order to identify areas for improvement to work on.

Furthermore, the activity to solve any service malfunctioning that impacts daily interaction operations with our Customers. The achieved results show improvement across all channels: Retail (Family, Affluent and Small Business), Corporate Banking, Private Banking.

Digital strategy and omnichannel mode integration

In 2023 the Group's Customers have once again been showing appreciation for and confidence in its way towards innovation, which has been substantiating in its increased ability to provide services remotely. The strategy is based on the following directions:

- **Improving the acquisition processes** (go-live of the new remote signing solution and extension of the advanced recognition solution to online accounts) **and the user experience** ('home banking restyling and go-live of a new section for SMEs);
- **Strengthening digital acquisition of individuals and households**, focusing on the Young People target with a bespoke range of products and services; specifically, online acquisition as regards mortgage loans accounted for about 30% of total new business, thanks also to a new section on the CA Home website dedicated to complementary services and *upper funnel* communication campaigns;

- **Extending digital marketing actions** to new products and segments, such as visibility campaigns on Non-life Insurance products with "fast quote", which ensure that the customer experience is in line with that given by the best market players, and digital advertising campaigns on the Small Business segment with the go-live of the "Easy business" simulator, enabling businesses to apply for loans directly from their home banking solution;
- **Enriching the products and services that can be obtained remotely** (e.g., credit facilities, deposit account, cards, security portfolio), thanks to the extension of digital signing to the entire catalogue and the go-live of simulators to enhance the *lead generation*;
- **Enhancing the after-sale phase** with the go-live of new self functions on the App and Home Banking (e.g., changes in the customer register datasets, updating of the Know Your Customer questionnaire, card management), in order to reduce operations at branches;
- Rolling out **innovation elements**, such as current account aggregator, menus and customized contents in the App or the provision of non-banking services thanks to the synergies with the Group's companies.

Digital transformation is based on close listening to Customers, via store monitoring, direct interviews to Customers and constant involvements of the Network as an active party in defining the directions for the development of digital channels.

Customer Service evolution

In 2023, the Customer Service, staffed with 195 resources operating from the 7 centers based throughout Italy, posted a marked increase in its inbound activity volume, especially as regards online opening of current accounts and home loan applications. The outbound activity hit a record number of 220 thousand useful contacts made, within commercial campaigns on liquidity management, personal loans, non-life insurance and recovery of KYC questionnaires.

Of the new tools made available to Customers worth mentioning are the chatbots for the management of requests from Crédit Agricole public website.

The customer satisfaction survey gave once again evidence that the Group's Customers like the Service, with a Customer Recommendation Index (CRI) ranking the Crédit Agricole Italia Banking Group amongst the leading traditional banking players.

Mortgage loans

As done with the actions deployed in 2022 and consistently with the ambitions laid down in the 2022-2025 MTP Business Strategy, the initiatives included in the "**2023 Mortgage Loan Programme**" were also developed on five main strategic drivers, in order for the Group to be the leading player in the mortgage loan market:

- **Evolution of the range of products and services**: go-live of the "CA Greenback Mortgage Loan" new product linking it to the "Scelte di Valore" prize contest and of the Green Bees simulator for estimating the advantages generated by energy efficiency upgrading, establishment of the partnership with "Harley & Dikkinson" to provide a "turnkey" service, from design to the execution of upgrading works;
- **Technological innovation**: go-live of the "MutuiFy" new portal intended for third-party referrals;
- **Process revision**: reducing the document set, speeding up the procedure before and after authorization decision, streamlining online paths;
- **Commercial development**: **CA Greenback Mortgage loans campaign**, revitalization of the relation with third-party networks with a Contest designed for them (Forte Village - Sardinia, June 2023), "Rome project" for commercial revitalization in the city, Roadshow throughout Italy on lending and commercial training to the Group branches and third-party networks;
- **Organizational coordination**: "Digital Entry point" pilot with a person in charge of online channels on staff at the Regional Department, "Digital channel mortgage loans Branch" pilot with a point of sale providing advisory services on online mortgage loans, go-live of minute-taking outsourcing.

In 2023 about 30,800 new mortgage loans were entered into (up by + 2% vs 2022 new business) comparing with the market decreasing by 30% (Source Nomisma), with "green" mortgage loans accounting for about 18% (up by + 6% vs 2022); the market share in terms of originated loans in the provinces where the Group operates increased to 13.8% (Q3 2023, source Bankit).

Wealth Management

In 2023 some of the challenges were still high inflation, albeit slowing down, and the relentless hikes in interest rates by Central Banks. On financial markets, bonds gave palatable yields, thus steering investors' choices towards instruments with interest return: direct funding and asset administration products.

In such a challenging scenario, the Group worked to provide solutions in line with market yields and with Customers' needs (guaranteed capital, interest return, focus on sustainability topics), but, at the same time, it continued to invest in valuable advisory services (wealth management and advanced advisory services).

The Group proved able to meet the guaranteed capital and interest return requirements expressed by Customers with less complex needs, also through direct funding remuneration instruments: certificates of deposit and the **new CA deposit account**.

In 2023, there was the concomitant roll-out of wealth management new lines intended for Private banking Customers (GP Evolution), in addition to the lines intended for Retail Customers. Of the latter ones, worth mentioning is GP CA Smart Advisory, winner as "2023 Product of the Year" in the financial products/services category and the subject-matter of the Wealth Management media campaign as a tool accessible to all and at modest costs, emphasizing accessibility to the investment world consistently with the Group's mission.

Having regard to **advanced advisory services**, in 2023 the Group's received growing Customers' attention thanks to two service propositions:
- CA Value Advisory, advanced analysis service aimed at providing full-range wealth management advice, through the use of ancillary modules such as generational turnover, real estate analysis and analysis of financial portfolios held with third parties;
- CA VIP, advanced financial advisory service intended for Private Banking and Corporate Banking Customers having more sophisticated needs in terms of advisory services and portfolio monitoring.

For Customers receiving advisory services for a fee, a specific commercial proposition went live; furthermore, operational/commercial and behavioural training programmes started in order to work on a higher-value approach, speeding up the shift from mere financial advisory services to wealth management services.

Given the attention to capital guarantee and the opportunities to align with market returns, the Group invested in the updating of its **insurance proposition**, through:
- A new Segregated Fund with profit fund, whereby more palatable returns for Customers could be pursued and, while also having return stabilization mechanisms;
- Revamping of the old Segregated Fund extending its financial guarantees (capital always guaranteed, also in case of total or partial surrender) and raising the maximum investment in SF on the new multiline solutions;
- Promotional activities in favour of Customers and to support insurance gross and net written premiums coming to over 800 million Euros (reduction in management costs, extra return bonus, zero loading costs).

Lastly, **ESG topics remained core**, characterizing several scopes:
- Training: strengthening of the Account Managers' knowledge of sustainable finance focusing on the ESG assessment main drivers of financial instruments: rating, Sustainable Finance Disclosure Regulation (SFDR);
- Implementation of the protection model: the Bank service model has been evolved in order to integrate the main developments in the applicable legislation and regulations (amendment to MiFID, SFDR, Taxonomy) within the advisory service provision; some of those evolutionary upgrades concerned more thorough collection of the Customers' ESG preferences via a new MiFID questionnaire and the implementation of a new concentration control to measure sustainability at a portfolio level;
- Product catalogue: the mapping of the products in the catalogue has been supplemented with the ESG characteristics reported by the Manufacturers, in order to include sustainability in our range of products to a larger and larger extent;
- Events in the Regions: the Group's commitment to sustainability was enhanced thanks also to events held in the regions where it operates at the presence of its Customers: which focused on circular economy, blue economy and energy transition matters through renowned partners, players of excellence based in the regions and industry specialists;
- Financial education projects: "In Spiccioli" podcasts in cooperation with Amundi, a financial information tool whereby economics and finance matters could be dealt with in a simple and immediate manner within the grasp of all consumers;

Small Businesses

Once gain in 2023 the Bank reasserted its commitment to providing its Customers with support through several initiatives:

- **Increasing the acquisition and development of high-potential customer segments** (e.g. sole traders and self-employed artisans) through campaigns, allocated amounts and specific product/service bundles;
- **Developing loans** with a focus on retention-effective technical forms, also using preauthorized credit lines;
- **Support to enterprises** that stand out for their **Green and Circular Economy** investments, with environmental sustainability-oriented projects, and **initiatives to drive growth and cope with higher expenses**;
- **Support to energy efficiency enhancement works** on buildings, consistently with the wider social impact goals set in the Bank's MTP;
- **Roll-out of initiatives in favour of regions that are vulnerable or have been hit by unforeseen weather events** (e.g.. "Earmarked funds for catastrophe events" and "Amount allocated for earthquake in Central Italy", Campania Development, "Etna Area Earthquake", earmarked funds for floods in Emilia-Marche and Tuscany);
- **Advisory services and assistance to businesses in the scope of Italy's Recovery and Resilience Plan and subsidized finance** through a specialist team, the partnership with Warrant Hub, the release of a new loan to manage subsidized borrowing and the roll-out of training/information initiatives customized by region;
- **Increase in the synergies with the Group's Les Villages** in order to develop specific products and services for resident startups, with the goal of supporting the new generation of entrepreneurs;
- **Constant focus on risk management**, through the Special Network activity, the development of a new IMA (performance monitoring indicator) model and full integration of the use of ESG scoring in the lending and commercial strategy.

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

- **Easy business evolution**, whereby a selected customer target has been given the possibility of applying for and receiving short-term loans in a user-friendly and fast manner, from their Home Banking (approx. 20 million Euros in loans originated in 2023 digitally);
- **The process for customer digital acquisition made fully operational** via a landing page;
- **Continuous process automation** (automation of ST and MLT contracts and enhancement of the efficiency of the Electronic Loan Application Processing solution, Gefi web, DOL, digital signature go-live);
- **Continuing with the change management programme**, through training and upskilling of our resources.

Agri-Food

The agricultural and food sectors are core for Crédit Agricole Italia's business, with approximately 6 billion Euros in total loans to those sectors as at December 2023 with market shares in the regions where it operates of nearly 8%.

In 2023 loans to the Agri-Food sector grew by +2% vs. December 2022, performing against the market declining by -3% (source Bankit).

In the 2022-2025 MTP, the Agri-Food sector has been identified as one of the strategic priorities for business development; consequently, some initiatives were deployed aimed at strengthening the market shares and strategic positioning of Crédit Agricole Italia in this sector.

In 2023 the **new service model became fully operational**, enhancing specialization logics and supply-chain approach:

- To increase specialization in the network, the role of Agri bankers went live in the Retail banking channel, as did the Food Banker role in the Corporate Banking channel.
- 20 "Agri" specialist Small Business Centers and new hubs in areas not yet covered have been identified.
- Agro Specialists and Corporate Banking Advisors were put on staff in order to develop the 20 top Supply Chains with a focus on M&A and private Equity.

To support sustainable and energy transition of Agribusiness players:

- The **Agri Blu and Agri Energia products** were created, in order to provide Customers with loans that are tailor-made for the industry's specific needs;
- An **advanced advisory service on all the calls for tenders under Italy's Recovery and Resilience Plan** has been developed (e.g., Agrivoltaics, Biomethane, Supply chain and district contracts 5th tendering procedure);
- The **"Percorsi Agri" new portal** went live and is intended to assist and raise the awareness of the enterprises, both customers and prospects, in their transition towards full-range sustainability.

In order to provide support to young farmers that have to handle generational turnover, the "**Agricoltura Next Gen**" programme of initiatives was implemented in the regions to provide advisory services and tools that are useful to start business.

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

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

Furthermore, important investments were made in digital services, with the go-live of a **customized Home Banking solutions for customer SMEs operating in the Agri-Food sector** and the development of the **Agriadvisor Lite platform**, whereby the Customers can process and summarize the profit and loss situation of their businesses.

Development of synergies between business lines

Bancassurance: Bancassurance continues to play a leading role in the Group development and this business is pursued in partnership with the insurance entities of the Group, namely *Crédit Agricole Creditor Insurance*, *Crédit Agricole Assicurazioni* and *Crédit Agricole Vita*. In 2023 this line of business posted considerable growth thanks mainly to the following drivers:

- **Selling process evolution**, with constant development of the omnichannel model via the enablement of the **APP channel for quotations and sale of non-life insurance products** and continuous improvement in **purchasing user experience** (New *Insurance Menu* in the App and restyling of the self quotation and purchase finalization process);
- **Optimization of the contact plan**, with the support of actions driven by the Customers' behaviours and needs (Omnichannel Customer Journey) and the implementation of Lead Generation Online functions (*Protezione Guida Motor Insurance and Protezione Casa Più home insurance Fast Quotes* on the website, *Virtual Garage* and *Mobile Protection Simulator* in the App);
- **Upskilling with intensive training on relationship management** ("InsuranceLab" Academy focusing on the development of commercial skills and on-demand training on products through webinars held with the insurance companies);
- **Restyling of the range of products in order to align them to new emerging needs,** with higher flexibility in the choice of policy coverage, higher limits of liability and innovative coverage: launch of the Protezione Infortuni new accident insurance policy, restyling of the Small Enterprise policy of CA Assicurazioni, launch of the Pensare Domani Protection policy of CA Vita and restyling of Protezione Affidamenti of Crédit Agricole Creditor Insurance.

Consumer Credit: consumer credit continues to play a key role among the Group's development axes, through the partnership with AGOS. The main action lines followed in 2023 concerned the following scopes:

- **Campaigns supporting Green mobility and housing**, to reward our Customers' sustainable choices by applying reserved promotional interest rates;
- **New selling process in a full-self mode from the App,** in order to give Customers a better user experience;
- **Optimization of the contact plan for the network**, with the support of advanced campaigns based on behaviours and needs expressed by Customers (Customer Journey).

PRIVATE BANKING CHANNEL

In 2023, the Private Banking channel of the Crédit Agricole Italia Banking Group further strengthened the evolution of the **new service model**, which went live in the previous two years and is strongly oriented towards **Customer satisfaction** and the **professional development of its staff.**

To trigger this evolution, the Private Banking Channel started in 2021 from a thorough benchmark analysis of the target market and of the main competitors, and went on to define and develop the strategic axes at the basis of its present service model.

Specifically, 2023 featured the following:

1. Supplementing the **specialist team** in financial and non-financial scopes, with high-standing profiles to cover needs in terms of management of the entire set of assets.
2. Strengthening of the process for the **evolution of the role of Private Banking Assistants**, which started in H1 2022 pursuing the objective of larger commercial footprint and support to Private Banking Customers. In 2023, the Assistants strengthened their role identity and gave evidence of having high sense of responsibility and of being very customer-oriented, in order to provide an excellent service. All that was possible thanks also to an intense training plan.
3. Strengthening of the **range of products and services** in order to provide Private banking Customers with commercial opportunities generating a twofold benefit: aligning to the market leading players and being more «appealing» for both Customers and Bankers. The Private Banking structure can rely on a complete range of products and services, built with an open architecture approach. The approach to wealth management is based on understanding the needs, objectives, risk appetite and behavioural profile of each Customer, in order to propose bespoke and consistent solutions, constantly monitoring the overall portfolio risk. The range of products and services includes asset management, OICR collective investment undertakings, insurance products, transaction services, advanced financial advisory services and support in non-financial matters (e.g. legal and tax matters relating to wealth planning needs).
   The main actions in 2023 concerning the development of the range of products and investment Services for the Private Banking channel were:
   - Go-live of a **new asset management solution by Amundi** reserved to Private Banking Customers, which proposes portfolio allocation by means of an innovative tool based on AI and human expertise;
   - **Bespoke issues of collective investment schemes**, in cooperation with Amundi SGR, focusing on specific investment themes (e.g. alternative investing and maturity bond funds);
   - **Bespoke issues of CACIB Certificates and Notes** with different types of structure and underlying asset;
   - The **restyling of Ca Vita multiline policy** reserved to Private Banking Customers, an insurance-based investment product that gives the possibility to choose between two investment approaches: free path and guided path;
   - **Revision of the explicit-fee advisory service**, with the target market being extended to Legal Persons and Professional Clients;
   - Extension of the **"Lombard Loans"** pledgeable universe. Lombard loans were included in the product catalogue of the Private Banking Channel in 2022 and enable Customers to have a liquidity reserve always available, in order to optimize their investment strategy or realize their projects.
4. The **Group Synergies** continue to be one of main strengths of the Private Banking Channel, develop, on the one hand, with all the Group's specialist entities at an international level and, on the other hand, with our colleagues from the Corporate Banking Channel, with whom cooperation is constant for full-range management of Customer Entrepreneurs, providing them with a single partner Bank. The cooperation with CA Indosuez Wealth Management Italia remains a cornerstone. The project pursues the goals of improving the Group positioning in the Italian wealth management market, strengthening the commercial interaction between the two entities and extending the range of investment products and services that can be proposed to Customers.

The above-described service model is based on the professional management of private wealth and, with it, the Private Banking Channel of the Crédit Agricole Italia Banking Group achieved excellent results, thanks also to the ability of building investment solutions based on the Customers' needs and to adapt portfolios in accordance with sudden changes in the scenario.

Other very significant aspects of its 2023 activities are:

- The commercial network continued to be strengthened.
- The **satisfaction of our Private Banking Customers** continued to grow.
- Roll-out of events on wealth protection topics with the support given by renowned specialists in the regions and at exhibitions and sport events of national importance.
- **Communication to Customers** continued, also on digital channels, thanks to DEM and profiled contents on the APP and HB with strong Private banking connotation (news/offers of specific and bespoke products and services).
- Collaboration with the We Wealth - Next magazine continued, for the publication of articles, spread throughout the year on Private Banking topics and, specifically, on the main new developments deployed by the Private Banking Channel of the Crédit Agricole Italia Banking Group.
- Furthermore, the Private Banking Channel of the Crédit Agricole Italian Group received a prize for the third year in a row within the **Private Banking Awards** (BFC Media). In 2023 it won the Top Private Bank For Territory Prize, for its progressive growth in the Italian market featuring strong bonds with the regions and focus on the entrepreneurial fabric, growth that is also supported by the cooperation with Crédit Agricole Vita SpA and Crédit Agricole Assicurazioni SpA..

CORPORATE BANKING CHANNEL

CA Italia Corporate Banking Channel proved once again a leading player in supporting companies, being more and more not only a financial partner but also the enabler and accelerator of our Customers' growth projects. **Specialization, innovation and full-range advisory services** are the key works expressing how the Corporate Banking Channel succeeded in meeting the different requirements and needs of its Customers even in a complex macroeconomic scenario being also increasingly affected by international tensions.

With an open and systemic approach, always based on Customers and on closeness to the regions, the Corporate Banking Channel assisted its Customers on their transition paths towards sustainable business models, with a complete service that also includes various tools, activities and projects:

- **Support to strategic projects for growth thanks to Structured Finance and M&A Advisory services:** structuring of tailor-made financing solutions to support investments, restoration of a sound financial position and corporate governance restructuring. Investments were boosted setting up **2 new Private Equity funds**: **The APEI Fund** to provide support to companies operating in diverse sectors by acquiring minority interests, and the **Ambition Agri Agro Investissement Fund,** to invest in French and Italian companies operating in the agri-food sector and engaged in the challenges of the agricultural and agri-food transition.
- **ESG products and services**: setting up an ESG central desk to oversee and coordinate sustainability matters, staffed with specialists in order to provide commercial support and advisory services along multiple lines of action: relational listening, creation of products and services that are accessible by all enterprises, finalization of partnerships to provide advisory services to Customers in the sustainability scope. In order to engage the network and disseminate our internal culture at all levels, projects and actions were carried out:
  - Within the wider Sustainability Plan of the Group, the "**Sustainable Evolution**" project was carried on, with the ambition of contributing to a change in the perspective from which companies look at banks when they have any need regarding environmental, social and corporate matters. A project that was awarded the ABI 2022 Prize and the 2022 Prize of Prizes giving evidence of the initiative's value for the system as a whole.
  - The Group's **sustainability strategy** is substantiated also by the wide range of tailor-made solutions, from Sustainability Linked Loans to Green loans, such ESG KPI -linked,Loans, all the way to ESG derivatives and, in particular, the **SACE Green Loan**, intended to finance investment projects pursuing specific environmental targets aligned with the EU Taxonomy (Regulation (EU) 2020/852) or to the criteria given by SACE. Besides banking products, the Corporate Banking Channel stood by its Customers also to support them in meeting their non-financial needs, with the go-live of our **Value Services**, in cooperation with external partners specializing in the transition towards sustainable business models. Some examples are: the collaboration with **Corporate Benefits Italia** and assistance in obtaining the **B-Corp certification** thanks to the collaboration with **InVento Innovation Lab**.

- **Strengthening of the Food sector** with the go-live of a specialist model thanks to the new role of Food Sector Banker, of Food Sector Specialists and the "Banquier Conseil" in order to ensure that the Bank is closer and closer to its Customers, to the supply chains and trade associations and the advisory services it provides are of a higher and higher level. For this sector, the range of products and services continued to be innovated, for example focusing on revolving pledges,whereby food processing companies, such as those operating in the dairy, cured meats and wine sectors on PGI and PDO products, a made-in-Italy excellence, can use the liquidity from pledge financing and concomitantly sell the goods in their warehouses restoring the amount of the goods pledged as collateral replacing them with new similar products. Collaboration arrangements started in the energy transition scope, with special regard to the Biomethane sector.
- **Supply-chain specialization:** through the main **Supply Chain Finance** products, the Corporate Banking Channel provided the best solution to support the supply chain and foster their economic growth. Using the Supply Chain Finance platform, the Supply Chain Lead enterprises can assess the ESG positioning of each supplier and, thanks to the integration with the ESG scoring, can become the promoters of the sustainable transformation of their supply chain. Thanks to the strategic lever consisting of the Dynamic Discounting and Confirming Services, further engagement of suppliers was ensured to improve their ESG performances through financial incentives.
- Strengthening of the **team and services relating to Italy's Recovery and Resilience Plan** to develop a specific service model based on more and more specialist and advisory approach to corporate Customers, in cooperation with external partners, such as Warrant Hub and Dedagroup Business Solutions.

Support to enterprises continues to be proposed also through:

- Attention to **diversification of medium-term funding sources of enterprises,** whereby the Group has supported its Customers' investment plans with the subscription of bond issues co-investing with non-banking institutions (Cassa Depositi e Prestiti and Medio Credito Centrale). The Customer enterprises could benefit from a fixed ceiling to the cost of money thanks to a portfolio guarantee given by the European Investment Bank in favour of subscribers.
- The origination of new loans guaranteed by the Central Guarantee Fund and subscription to **SACE SupportItalia Guarantee**, a measure provided for by the Aid Decree to support enterprises experiencing difficulties due to the economic effects caused by the war against Ukraine and by the increase in energy prices.
- Activities supporting the **Ecobonus tax credit scheme,** with a dedicated Team and an owner in each Corporate Banking Area monitoring the progress in the expression of interest signed and cooperating with account managers to provide support to enterprises.
- Use of tools and agreements with financial institutions to develop products and facilitate access to credit by SMEs, such as the **agreement with the European Investment Bank** (EIB) and funds earmarked for Capital Goods, which increase the competitiveness of the production system and facilitate access to credit by enterprises.
- Cooperation with **Les Villages by CA** based in Milan, Parma, Padua and Sondrio. Les Villages by CA are innovation hubs pursuing the goal of supporting the growth of startups and of the network of local businesses that are strong in innovation, but, at the meantime, contribute to the growth of enterprises based in the region via strategic partnership that facilitate access to innovation services provided by Les Villages and to an international network consisting of over 40 accelerators in France and of internationalization support desks in over 60 Countries.
- Continuation of the "**Meet the Champions**" initiative, which, through on-the-road meetings with firms that proved the best performers in the year, enabled to network with the best Italian players of excellence, providing them with support and making all the Crédit Agricole Group's potential available to them.
- Organization of **events such as "Coffee with Enterprises" and other initiatives in the regions, themed webinars and workshops** which had over 1400 participants and 700 firms, sharing and examining themes such as ESG, Italy's Recovery and Resilience Plan, Internationalization and Trade Finance, Structured Finance and M&A, besides participation in trade fairs (e.g.,:Macfrut, CibusTech) and other initiatives in the regions pursuing commercial development and networking.
- Constant **attention to Customers and to their customer experience**, with evidence given by the continuous improvement in the Customer Recommendation Index since 2020, which went up by 3 points in 2023 vs. the previous year; the improvement has been pursued promoting the Group to a larger and larger extent, thus also increasing the number of "promoters", thanks to the development of a relationship based on skills and proactivity, to higher and higher quality of the service provided and to the distinctive features of the Crédit Agricole Group.

- Continuous **support to exports** given to enterprises that want to enter foreign markets thanks to the **advisory services provided by the International Desk,** which, through its network, can analyze opportunities and advantages for foreign firms in Italy and for Italian firms abroad. Specifically:
  - **Promotion of Crédit Agricole Italia's activities** abroad by participating in day events on this matter within the network of the Regional Banks and of LCL in France with the presentation of our services to French Customers.
  - **Cooperation with the Chambre de Commerce Francaise in Italia (CCI)** by participating in the Club del Mezzogiorno and in the activities of the France-Italy Accelerator.
  - **Cooperation with Altios**, a partner in assisting enterprises to do business abroad, with solutions designed to support enterprises in their international development. With the "**Around the World in 8 hours**" event, Trade Finance and International Development topics were dealt with and B2B meetings were held.
- Continuation of the **ITACA (ITAlian Corporate Ambition)** initiative, which focuses on a full range of products and services for Mid-Corps, in synergy with CACIB, which has promoted cooperation inside the international Group in the interest of Corporate Banking high-end Customers.
- Support to the development of synergies between **Corporate Banking and Private Banking through the Synergies Team** in order to evolve in the approach via a combined action aimed at making Corporate Bankers and Private Bankers "work together" more and more, in order to achieve the best strategic positioning in the global relationship with the enterprise and the entrepreneur.

PERSONNEL

In 2023 the 2022-2025 Medium Term Plan (MTP) continued to be implemented. Specifically, the objectives to be achieved within the **People Project** concerned the focus on **individual responsibility** and on collective strength to provide Customers with a service of excellence, on reasserting our **distinctive culture** to attract, involve and retain talents and to ensure the sustainability of our managerial culture and the dissemination of initiatives aimed at substantiating the centrality of the values of inclusion and pluralism.

In terms of number, resources on the employee ledger of the Crédit Agricole Italia Banking Group as at 31 December 2023 were **12,533** and are broken down by entity here below:

RESOURCES ON THE EMPLOYEE LEDGER	31 Dec. 2023	
	POINT-IN-TIME	FTE
Crédit Agricole Italia	11,909	11,548
Crédit Agricole Group Solutions	561	548
Crédit Agricole Leasing Italia	62	61
Other	1	1
Total Resources of the Crédit Agricole Italia Banking Group	**12,533**	**12,158**

At the Group level, in the reporting year there were 630 new hires and 769 terminations.

New hires were assigned by over 72% to the Network and to specialist channels. Recent graduates accounted for 77% of total new hires, consistently with our Group's values. On the other hand, retirement accounted for about 16% of terminations and the Voluntary Redundancy scheme accounted for 37% of them.

Personnel consists by **96.7%** of employees with permanent employment contracts, while, in terms of gender, women account for **49.23%** of total resources.

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

The employees' average age is 46 years and 10 months (of which in years.months– Senior Managers 54.10 – Junior Managers 51.00 – Professional Areas 43.04) whereas average length of service is 18 years and 10 months (of which in years.months – Senior Managers 17.11 – Junior Managers 22.00 – Professional Areas 16.05).

In the reporting year, the Medium Term Plan of the Crédit Agricole Italia Group continued to be implemented through training and development initiatives, which were carried out in close synergy between the various divisions of the HR Department in order to share the focus, purposes and targets in terms of both strategy and of contents and management. More specifically, the objectives to be achieved within the "People Project" concerned the development of **individual responsibility** and of the **multichannel relationship of excellence with Customers**, the dissemination of an ESG culture reasserting the centrality of the values of inclusion, pluralism and sustainability to attract, involve and retain talents and the **managerial model evolution**.

In 2023, the Group's People were provided training in a hybrid mode, both in person and through the Digital Academy, for a total of 676,000 hours of training (equal to approximately **90,133 man-days**) and an average of 55 hours of training per person.

As done in the previous years, also in 2023 the Group proposed a **training ecosystem** designed to adapt to the needs of each single person, in order to provide quality training up to the challenges generated by the present scenario. The proposed training initiatives were designed to **evolve internal skills** to successfully manage change. The learning programme was administered via **multimedia training channels** and **vertical paths working on skills and mindset** to meet the different learning needs and to maximize the **development of skills supporting people's growth.**

Some of the main training scopes in the wider "**People Project**" were: "**Generation Empowerment**", which is part of the onboarding of the new hires under the generational turnover action and of which, in 2023, the second part started for the completion of the training project; the "**Relational Model**" one, which contributed to the achievement by the Group of the No. 1 ranking by Customer Recommendation Index; the ESG training programme intended for all personnel via dissemination pills and specific activities for the training and certification of in-house Specialists. Furthermore, a D&I-supporting culture continued to be strengthened; to that effect, an important step forward in the inclusion path was the **Gender Equality** certification, which substantiates the Firm's commitment to **diversity and inclusion** values and matters.

In addition to the above, 2023 featured the following:
- Projects that, inside the Private Banking and Corporate Banking channels, worked on the Bankers' specialist and soft skills of e soft skills in order to foster the entrepreneurship of our people, responsibility taking and the creation of synergies (named Shock Wave and Excellent One).
- New and distinctive training scheme, named Insurance Lab, led by our Non-Life Bancassurance Specialists (internal trainers) and aimed at fostering the growth of the account managers' commercial skills through a format with tangible contents, rich in business cases, field training exercises and consistent with the growth strategy set out in the MTP. Training involved the account managers from all Regional Departments: with 63 runs, over 700 account managers received the training, for a total of 16,000 hours of training.

As in the last few years, also in 2023, the Crédit Agricole Italia Banking Group was certified as a **Top Employers** company. The annual survey carried out by the Top Employers Institute certifies the best companies in the world in the HR scope, those that provide excellent work conditions, that train and develop talents at all corporate levels and that make constant efforts to improve and optimize their Best Practices in the field of Human Resources.

Equal opportunities and Inclusion

As regards **Diversity&Inclusion** matters, the Group continued on its inclusion path, which started over ten years ago, setting also the goal of fostering a cultural change that is necessary to achieve full enhancement of **all diversities**, besides gender.
- Once again in 2023, activities were carried out under the **Good Life** project, which aims at raising awareness about the importance of practising sports and having a healthy lifestyle, through the extension of various initiatives within the *wellbeing* programme:
  - As regards *Sports and Physical Exercise*, in cooperation with **Go!Athletic** sport training continued, both online in person (at Green Life and at premises in Milan);
  - As regards *Prevention and Health,* thanks to the partnership with Stimulus, Fondazione Onda and Lifeed, in May a **Plan to raise awareness about psycho-physical wellbeing** went live, conveying educational contents proposed by the Group's partners. It is structured as a path in stages, with monthly publication of planners focusing on specific topics, from different standpoints (e.g: balances, family, health and wellbeing, etc.).

- Along the already operational **Psychological wellbeing service**, a **Welfare** new service went live, intended to give tangible help to all the people of the Group in coping with the various situations that may occur in daily life, in the work, personal and family spheres giving care. Specifically:
  - Psychological counselling, accessible calling a toll-free number or on a web platform, administered remotely by psychologists or psychotherapists expert in active listening, available 24h/7 to our personnel and their families;
  - Welfare support service, accessible calling a toll-free number, administered by psychologists and care managers, who provide support in searching for the welfare solutions that are the most suitable to meet the needs of each user, assisting the caregivers with the help of qualified professionals.
- As done by Crédit Agricole S.A., In March the **Week of Diversities** was organized, which is an opportunity that goes along with the Month of Diversities, to give food for thought and disseminate awareness on three Diversity & Inclusion matters: *the value of respect through the use of an inclusive and mindful language, gender equality and social inclusion.*
- Fondazione Onda presented the 2023-2024 network of companies that were awarded the **Health Friendly Company** (HFC) stamp: one of the 37 companies in the network is our Group. HFC awards the companies that stood out for their commitment to protecting the health and wellbeing of their employees or that have started on a path in that direction.
- Crédit Agricole Italia established a collaboration relationship with **Fondazione Libellula**, a partner of the Group in the D&I scope, to promote a culture based on respect and inclusion and to foster considerations on gender discrimination and violence. In April 2023 3 training webinars were held for our Personnel members with children in the target age bracket (6-19 years old), to foster the development of behaviours and models free from any discrimination and stereotypes.
- As of June 2023, it is possible to set up and/or participate in an **Employee Resource Group or ERG**, voluntary, employee-led and self-organized groups of people who share some features or interests. Pursuing the goal of fostering an inclusive culture, boosting innovation and facilitating networking among Employees, they promote initiatives and positive changes to the benefit of the Company and of the community.
- For the second year in a row, the Group sponsored **#RUNFORINCLUSION**, a non-competitive run serving the purpose of enhancing uniqueness. The run took place in Milan on 23 and 24 September 2023, with a rich programme of meetings, talks, initiatives and activities.
- The new **People Care Brochure** was published, which contains all the Group's initiatives to provide support to its People in the D&I, Welfare and Wellbeing, Family, Sustainability and CSR scopes.
- Once again in 2023, the **Month of Diversities** was held: five days of initiatives and events involving all the People of the Group to .provide food for thought on inclusion topics.
- This year, the common thread was *The D&I Strategy and its five dimensions*: Openness and Curiosity, Representativeness, Equality in Opportunities, Solidarity and Responsibility.
- Yet another two actions for parenthood: an agreement was signed with the Trade Unions under which each parent (employee) of a child between one and three years old is given an **annual contribution for each child of 1,000** Euros in a welfare formula to be used to cover the expenses incurred for daycare fees. Furthermore,, in partnership with Jointly, a **network of partner qualified daycare facilities** has been established, from which our employees that are parents of newborns will be able to choose based on their needs, assessing the facilities through a reserved and customized platform. Advantages: right of first refusal, warranty on facility quality and extension of opening hours/months, 15% discount on fees.

All these initiatives fall into a virtuous path that has led the Banking Group to the achievement of the **Gender Equality Certification**, an important nationwide award that gives evidence of its commitment to diversity and inclusion matters and values. The certification was issued by Bureau Veritas, an independent accredited certifier, after assessing and rating the gender equality management system implemented by the Group, which has been found compliant with the relevant standard (UNI/PdR 125:2022). The certification is yet another step on the important path the Group has been on for over 10 years towards full inclusion, starting from gender equality, which pursues the objective of fostering a cultural change necessary for full enhancement of all diversities, consistently with its "People Project".

Generational turnover and Next Generation

In 2023 the Crédit Agricole Italia Banking Group made significant progress in the "People Project", which aims at driving the organizational, cultural and managerial culture of the Group and is an important part of the Bank's 2022-2025 Medium Term Plan pursuing the objective of recruiting, by 2025, over 1,100 new resources, including specialists and young people with distinctive talents.

At the core of the generational turnover and intergenerational inclusion there is the "Next Generation" project, an ambitious plan that went live in 2021 and designed based on the revision of the selection process, which now aims at identifying the "aptitudes" that best fit with the corporate transformation and organizational process and searching for unique aptitudes in the candidates, going beyond their technical skills or corporate role; along with the big work to achieve a diverse range of profiles and skills, which was already underway and went on with the entry of young people with educational backgrounds in humanities,digital/IT and quantitative sciences, besides in economics and law.

Therefore, considerable investments were made in the selection, onboarding, training and professional development programmes, intended for both the young new hires and managers, in order to ensure that everyone is fit to contribute to the organization's success. The younger generations have innate unique skills, such as adaptability, social responsibility, community, familiarity with feedbacks; therefore, starting from these skills, we want to help them to understand our corporate culture and values, as well as to support them in their personal and professional growth within the Group.

A fundamental factor along this path is having kept and keeping an open and constant dialogue between the young new hires and the managers at all levels, with several opportunities to meet and exchange views in order to foster vertical and horizontal knowledge and awareness of the Group and to ensure that our values are directly conveyed through the experiences of "people"; this aims at reducing hierarchical distance and at fostering opportunities for contact and networking between the various structures.

Besides the selection, onboarding and the initiatives fostering integration and mixing amongst the different generations, worth mentioning are the following:
- Special attention to gender, and inclusivity topics, consistently with the Business Plan guidelines and as acknowledged also by the recent Gender Equality Certification;
- Periodical verification and monitoring of the resources onboarding and integration process, consistently with the Plan objectives, in order to detect any needs in real time and respond to them as soon as possible and in an effective manner.

To ensure that no gap resulted from the several exits, the Group made a large investment in the upgrade of its personnel's skills, through specific upskilling and re-skilling programme, especially for the people in the commercial network who are engaged every day in meeting Customers' demands and needs; besides the programmes for Account Managers in the Affluent and Small Business segments, which went live in 2022, programmes started for Family Account Managers and involved 450 resources in the reporting year.

Furthermore, in 2023 an important analysis was conducted of the technical and behavioural skills of the resources on staff in the Commercial Network, in order to target training in the nest possible way and to provide each resource with a bespoke training programme based of the detected room for improvement.

Remuneration Policies

The guidelines and directions for the Group remuneration policy are set by the Parent Company Crédit Agricole S.A. in order to ensure harmonized and consistent management at a global level; said guidelines and directions are then adopted by the Crédit Agricole Italia Banking Group, which implements them in its remuneration policies adapting them to its own reference scope, also in compliance with the Italian applicable legislation, and submits them to the Remuneration Committee, to the Board of Directors of each Entity (for Crédit Agricole Italia on 23 March 2023) and, then, to the General Meeting of Crédit Agricole Italia Shareholders for final approval (27 April 2023).

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

- **Acknowledgement of merit**, appropriately rewarding personal contributions expressed as performances, behaviours and enacted values. Individual contributions are measured in several ways and at several levels, through assessment processes that are structured also in order to ensure fairness – internal and external – of treatment. The remuneration policies also aim at acknowledging and rewarding team work and sense of belonging. Fair and gender-neutral remuneration policies also ensure good attraction and retention levels. Specifically, the remuneration fixed component increases through merit-based initiatives, closely in accordance with the responsibility level managed or achieved, to the ability to consistently replicate the achieved performances (performance stability) and to the development of distinctive skills. Those initiatives are promotions (the person is given a higher position) and increases in remuneration, which may regard the fixed or the variable component (the latter is linked to profitability indicators, appropriately adjusted for risk, as well as to the set capital and liquidity gates), or both;
- **Focus on risk and compliance with the legislation**, consistently with the Group's Risk Appetite Framework (RAF) and risk governance and management policies, including NPL management strategies, setting the preliminary conditions for access to incentive systems and determining conditions and limits, in order for the total amount of remuneration variable components does not affect capitalization levels and is appropriate for the risks taken. The remuneration policy implements a conservative and far-sighted approach ensuring that a strong capital base is always maintained and has been designed in order to foster full compliance with all applicable legislation and regulations and with the Articles of Association, the Code of Ethics and the Code of Conduct. It must take into account the cost and level of capital and liquidity necessary to meet the activities undertaken and must be structured in order to prevent incentives that conflict with the entity's interests, from a long-term perspective. In awarding variable remuneration, including the use of malus and clawback arrangements, the policies are consistent with a conservative path towards the achievement of fully-loaded capital requirements (including the combined buffer requirement and the leverage ratio requirement) and with the SREP outcomes. The remuneration policies and practices are also designed with special attention to credit risk management, ensuring appropriate strategies to monitor and manage NPLs and with the aim to prevent any conflicts of interests. Specifically, for identified staff engaged in loan origination, management and monitoring, the remuneration policies do not provide for any incentive to taking risks breaching the tolerance threshold and are aligned with the Group's long-term strategy, objectives and interests. The remuneration policies also provide for suitable measures to manage conflicts of interests, in order to protect consumers from any damage caused by the remuneration of sales personnel. To these ends, the process to measure performances and risks in order to determine the variable remuneration of the staff engaged in loan origination comprises appropriate credit quality metrics that are consistent with the entity's credit risk appetite. In general, the remuneration policies of the Crédit Agricole Italia Banking Group are designed to prevent that its personnel's performances be assessed with methods that are incompatible with the duty to act in the best interest of customers; furthermore, they are informed by diligence, transparency and fairness in business relations with customers, strict control on legal and reputational risks, customer protection and retention, abidance by the code of ethics and the code of conduct. Specifically, the Crédit Agricole Italia Banking Group adopts remuneration policies that are not based exclusively on business objectives and that do encourage or incentivize its personnel to recommend any financial instrument to Retail Customers, if the investment firm can offer a different instrument that is more suitable for the Customer's needs or to sell or place products that are not adequate to the Customers' financial needs;
- **Affordability of the remuneration and incentive systems**, setting a relationship between labour cost and performances expected and achieved, in order for that relationship to ensure essential "self-financing" of the variable remuneration systems, affordability and income and financial equilibrium in the short, medium and long term, as well as to be consistent with the target market;
- **Competitiveness**, through constant reference to market standards, also with the support of tools designed to analyse and measure work positions by specialized companies providing reference benchmarks for each type of position, company size and market, in order to attract and retain the best managerial and professional resources in the market;
- **Gender neutrality**, ensuring that, with equal activities performed and equal professional content of operations, all personnel members have the same remuneration level, also in terms of the conditions for its awarding and payment, in order to pursue the utmost equality of all personnel members. Consistently with this principle, in 2019 the "Charter of Respect" was published, which protects gender diversity and respect for all, while promoting an approach among based on cooperation, human relationship and dialogue, and, in 2022, Crédit Agricole Italia's Board of Directors approved an internal regulation that meets the purpose of representing the actions carried out by the Crédit Agricole Italia Banking Group to ensure gender equality at a corporate governance and organization level, setting out the strategic plans to ensure that equal opportunity is an actual and crosswise fact, with full enhancement of female talent and, more in general,

of all diversities. Furthermore, the Group has chosen to further strengthen its strategies for female talent enhancement and equal opportunities signing the ABI-promoted Charter of women in banking. The ABI Charter promotes the values of gender diversity and inclusion, at all stages and levels in work relationships. To give a tangible token of its closeness to abused women, on 25 November 2020, on the International Day for the Elimination of Violence against Women, the Group signed the ABI protocol laid down measures in favour of women that are victims of violence. In 2023, proving once again its commitment to ensuring gender equity to its personnel, the Group obtained the Gender Equality Certification in accordance with standard 125:2022;

- **Consistency with the climate and environmental (risk) approach and alignment with the ESG goals of the Crédit Agricole Italia Banking Group**, contributing, by deferring and defining performance criteria, to promoting a long-term approach for the management of climate and environmental risks,in line with the Group's risk appetite and strategy. In order to encourage behaviours that are consistent with the Group's approach to climate-related and environmental risk, the variable remuneration has been linked also to the achievement of those goals, by defining qualitative objectives within the incentive schemes applying to employees. The alignment with the Group's ESG objectives aims especially at preventing any conflicts of interest in corporate decision-making, at supporting the achievement of an appropriate risk culture, at taking into account the Group's long-term interests and at fostering behaviours consistent with the approach to environmental. social and governance (ESG) risks, which have also been included in the internal governance arrangements.

The remuneration policies of the Crédit Agricole Italia Banking Group for 2023, which were prepared in agreement with the Parent Company Crédit Agricole S.A., are compliant with the regulatory provisions contained in the 37th update of Bank of Italy Circular no. 285/2013, published on 24 November 2021. More specifically, the Group's Remuneration Policies are compliant with regulatory aspects, including those concerning: the definition of the "Top Staff" perimeter, the structure and rules for variable remuneration payout and paymix, with special regard to the provisions on deferral and updating of the "particularly high amount"; malus and clawback clauses; retention bonuses; the need to strengthen the link between the Risk Appetite Framework ("R.A.F.") and the incentive systems, the provisions regarding golden parachutes, non-competition agreements and agreements for prior notice extension; the definition of a self-assessment process to determine the "identified staff" and the obligations concerning this category. Furthermore, the Group's 2023 Remuneration Policies implement the applicable legislation and regulations concerning gender-neutrality, ESG criteria and disclosure to the public.

Having regard to gender-neutrality of remuneration policies, the Group conducted its annual assessment of the gender-pay gap on the data as at 31 December 2023 in accordance with the methods given by the Italian and EU Regulators (Bank of Italy and EBA) and with its internal model based on the principle of "equal pay for equal work" whereby the pay equity level can be assessed by employee clusters that are homogeneous and therefore comparable, defined based on equal complexity managed (Job Evaluation grade), role and seniority. The identification of yet other methods in addition to those set out by the supervisory regulations to analyze the gender-pay gap is an option permitted by the regulations themselves and is consistent with the market practices. The method, which was adopted for the first time in 2021, was endorsed by a leading consulting firm, which supported the Group in developing the analyses.

Overall, with the application of the aforementioned approach, the analyses as at 31 December 2023 confirmed a pay gap for a rather modest amount and limited to a small panel of roles, accounting for less than 1% of the women in the Group (1% in 2022), thanks also to the activities carried out in 2023. The breakdown of the detected pay gaps by cluster showed the same situation found in the previous years, with essential equality of the average pay between the two genders in clusters featuring lower organizational complexity, mainly consisting of clerical roles not entailing responsibility-taking; the gap was found to be slightly wider, albeit little significant in terms of numbers and percentage, in clusters featuring higher complexity and responsibility (mainly in the senior management category) subsequent also to the female leadership enhancement actions deployed in the last few years, which have had a positive impact in terms of representativeness but, at least initially, may generate a gender pay gap impact. Substantiating its commitment to this matter, in 2023 the Group set objectives of progressive and strong mitigation of this phenomenon over a three-year time horizon, subject to appropriate merit and performance assessments; the progress towards the achievement of these objectives shall be reported on a yearly basis to the Remuneration Committee and to the Board of Directors of the Parent Company Crédit Agricole Italia.

The Group continues to apply management and remuneration policies ensuring gender equality, as substantiated, in October 2023, by the obtainment of the Gender Equality Certification in accordance with the Italian reference practice (PdR 125:2022). In this scope, the initiatives and processes linked to communication, selection, management and development and compensation have been favourably assessed in terms of gender equity.

The Group attaches great importance to the social and environmental context in which it operates and, for this reason, has chosen to pursue not only profit but also the objective of creating long-term value for the Company, its people, its customers, the community and the environment. The Group intends to be a responsible financial Intermediary that generates collective value, being aware that its operations and corporate responsibility can contribute to reducing the impacts generated on society by climate change and social inequality.

In an economic and social scenario featuring more and more opportunities associated with ESG factors to achieve a sustainable business development model, to create value for all stakeholders and to communicate its responsible business approach, the Group is strongly engaged in managing the climate and energy transition. In the light of the above, in 2023 the Crédit Agricole Italia Banking Group continued to define specific ESG KPIs to be used in the Performance Management systems (MbO - Management by Objectives and Incentive System).

For the Group, remuneration is an important strategic factor, which was even more central in the management of the acquisitions and integrations finalized in the last few years (first the Creval Group and then Crédit Agricole FriulAdria) as it is key to effectively handle competition reducing the risks associated with a more and more complex market scenario, developing a compliance culture and enabling optimal management of the available resources.

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

Climate survey

In 2023 the Crédit Agricole Italia Banking Group participated in the IMR (“Indice de Mise en Responsabilité”) climate survey on responsibility taking conducted by Crédit Agricole S.A. in order to gain insight about the engagement and involvement of its personnel and about their sense of belonging to the Crédit Agricole Group.

The large participation in the survey of CA Italia’s employees (continuously improving year over year and, in 2023, standing at 88%) gives evidence that our people are eager to participate and to give their opinion; the results regarding the understanding of the strategy, confidence in the Top Management, the Group’s strength and its social commitment were particularly good.

FINANCE

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

- The management of interest rate risk;
- The management of liquidity risk, including intraday;
- Capital management.

In terms of interest rate risk and in accordance with the policies set by Crédit Agricole S.A., the Crédit Agricole Italia Banking Group, through the Finance Department, adopted a model to determine the “cumulative gap”, measured using different metrics for the various financial statement items.

Consistently with the past, the objective was conservative asset-liability management by hedging the cumulative exposure.

As regards liquidity, the implemented refinancing strategies continued to pursue source diversification, with alternative funding sources consisting in the Covered Bonds market, access to EIB funds and the ECB targeted longer-term refinancing operations (TLTRO-III), under which the remaining outstanding amount is of 3.5 billion Euros to be repaid at maturity in March 2024.

Having regard to Covered Bonds, in 2023 the Group continued its regular funding on the market with two tranches of covered bonds for a total amount of 1.4 billion Euros, of which 1.0 billion Euros in 7-year CB issued in June 2023 and 0.4 billion Euros in 5-year CB issued in October 2023 and fully subscribed by the European Investment Bank (EIB).

Given the market rate scenario in the year, the Bank chose medium/long-term stable founding sources and, to that end, it is reported that the placement with Customers of senior bonds resumed and, in 2023, placed bonds came to 0.7 billion Euros.

Having regard to capital management, in 2023 Crédit Agricole Italia carried out the following transactions with Crédit Agricole S.A. as the counterparty: i) issue of a Tier 2 instrument for 215 million Euros with concomitant repayment, on the first date set for early repayment, a Tier 2 instrument of 100 million Euros issued in 2018, which was no longer advantageous to keep because of its rate conditions and the start of the amortization period for prudential purpose; ii) issue of an Additional Tier 1 (AT1) instrument of 200 million Euros and the subsequent repayment, on the early repayment date provided for by the relevant contract, of the AT1 instrument of the same amount issued in 2016, which was no longer advantageous to keep because of its rate conditions.

Capital management was optimized also in order to ensure present and forward-looking compliance with the pillar 2 *Minimum Requirement for own funds and Eligible Liabilities* (MREL), which is assigned yearly to Crédit Agricole Italia, on a sub-consolidated basis, by the Single Resolution Committee. In that scope, it is also reported that Crédit Agricole Italia made two issues of Senior Non Preferred bonds, which were fully subscribed by Crédit Agricole S.A., totalling 295 million Euros: i) in September 2023 an issue of 25 million Euros and 6-year maturity, and ii) in December 2023 an issue of 270 million Euros and 5-year maturity, with the concomitant repurchase of a Senior Non Preferred bond of 200 million Euros issued in 2019 and no longer eligible for MREL. The above-reported issues added to the 1,260 million Euros in instruments issued in previous years.

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

RISK MANAGEMENT

Objectives and policies on risk taking, management and hedging

1.1 SUMMARY OF THE SYSTEM, PERIMETER AND ROLES

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

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

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

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

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

- Credit and counterparty risks; this category also includes concentration risk;
- Market risk of the Trading Book;
- Price risk of the Banking Book;
- Interest rate risk of the Banking Book;
- Liquidity risk;
- Foreign exchange risk of the Banking Book;
- Operational risk (including Information and Communication Technology Risk).

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

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

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

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

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

1.2 RISK APPETITE FRAMEWORK

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

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

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

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

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

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

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

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

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

In 2023, the Crédit Agricole Italia Banking Group carried out the usual process for the identification of material risks, in accordance with the layout received from the French Parent Company Crédit Agricole SA, and consistently with information given in the ICAAP document and in the Internal Control Annual Report (ICAR or with the Italian acronym RACI); 16 material risks were identified, falling into the credit risk, financial risks, strategic risk, operational risks, noncompliance and real estate risks macro-categories. Furthermore, the Crédit Agricole Italia Banking Group and Agricole SA have always paid close attention to climate and environmental issues and, in 2023 climate risk, in its sub-categories of physical risk and energy transition, was included in the Group's Risk Map, as done in the previous years. In the reporting year, the Group carried out several activities aimed at including ESG criteria in the RAF, in accordance with the overall schedule of the Sustainability Plan.

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

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

The actions deployed in 2023 concerned the training of the Board and of personnel, the appointment of new ESG experts, the increase in the number of members of the ESG and Sustainability Committees, remuneration policies, the lending policies and processes, the development and marketing of products and services, the provision of investment advisory services,, the monitoring of exposures and management reporting, data collection and management, the development of IT applications, disclosure to the public and reporting to the Supervisory Authorities.

Furthermore, the Crédit Agricole Italia Banking Group shares, with its French Parent Company, the Net-Zero Banking Alliance commitments in order to align the emissions of the various portfolios with the achievement of climate neutrality by 2050, and, to this end, pursues the objective of providing support to its Customers in their transition process.

As already done by the ECB and by other national supervisory authorities, in April 2022 the Bank of Italy published its "Supervisory expectations for climate-related and environmental risks", which are a first set of supervisory expectations regarding the integration of climate-related and environmental risks into business strategies, governance and control frameworks, the risk management framework and in the disclosure to be given by supervised banking and financial intermediaries.

In order to meet the aforementioned supervisory expectations, in March 2023, in its capacity as an entity of the Group, Crédit Agricole Italia also designed its action plans to ensure full compliance with the Bank of Italy's supervisory expectations, which is monitored every six months in order to understand the progress in the implementation of the plans. The first and latest monitoring exercise was carried out in Q3 2023 and gave evidence of the completion of some main activities, including: the implementation of ESG indicators in the Incentive System, ESG-specific training, start of the assessment of the product catalogue from an ESG perspective, contribution to the disclosure to the public and reporting to the Supervisory Authorities.

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

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

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

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

2. RISK MANAGEMENT AND HEDGING

Credit Risk

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

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

Specifically, the Credit Risk Control Division:

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

IRB/Basel II advanced approach

For determining its capital requirement for credit risk, the Crédit Agricole Italia Banking Group has been using (since December 2013) internal ratings with an Internal Rating Based – Advanced approach (PD , LGD and EAD internal models) regarding "Retail Loan Exposures", the so-called "Retail Portfolio". Since June 2023, the exposures coming from the subsidiary Crédit Agricole Carispezia, which was merged by absorption into Credit Agricole Italia in 2019, have been treated with advanced approaches, subsequent to the validation given by the ECB in June 2022 following the Material Model Change application submitted in 2020.

Since the merger by absorption of Creval into Crédit Agricole Italia in 2022, the former-Creval exposures have been treated with the AIRB approach using Creval metrics in force before its absorption (the Interim Period) as agreed on with the ECB within the Return to Compliance process, which provides for the revision/recalibration of the models of the Crédit Agricole Italia Banking Group on the target bank portfolio.

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

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

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

The above-described risk measurement: system is also subject to constant monitoring and updating by the Model Development Service of the Crédit Agricole Italia Banking Group. In 2020, an Application Package for Material Model Change was sent to the ECB concerning the Retail rating models and the extension of the advanced approach use to former Carispezia exposures; following the submittal of the Application Package, Crédit Agricole Italia underwent an Internal Model Investigation (IMI) in H1 2021 and, in June 2022, was informed by the ECB of the IMI outcomes and authorized to use the new models on the Retail perimeter, which went live in March 2023 . Concomitantly, following the acquisition of the former-Creval portfolio, parameter updating/calibration activities were carried out, which entailed the submission to the ECB of an application for authorization, which was filed in July 2023.

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

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

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

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

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

Interest Rate Risk and Price Risk of the Banking Book

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

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

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

In 2023, the hedging of interest rate risk continued using derivatives, namely Interest Rate Swaps and Interest Rate Options. The hedged items mainly were:

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

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

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

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

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

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

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

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

Liquidity risk

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

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

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

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

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

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

In regulatory terms, the short-term liquidity risk threshold is the Liquidity Coverage Ratio (LCR), which, as at 31 December 2023 and as the Group LCR, came to 245%, once again well above the regulatory requirements. It is pointed out that, since 1 January 2018, the minimum requirement, on an individual basis, is 100%.

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

In regulatory terms, since June 2021 longer term liquidity risk has been monitored using the Net Stable Funding Ratio (NSFR). The ratio, which shall be higher than100%, has the Available Stable Funding (ASF) figure as the numerator and the Required Stable Funding (RSF) figure as the denominator. As at 31 December 2023 the Group NSFR came to 136%.

The Bank also monitors its intraday liquidity risk through a set of specific indicators that were developed in coordination with its Parent Company and are calculated on a weekly basis.

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

Market risk of the Trading Book;

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

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

* Net of TLTROIII loans and of the HQLA securities pledged as collateral.

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

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

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

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

Within the activities for the monitoring of the market risk of the Trading Book, the Risk Management and Permanent Controls Department is responsible for continuously monitoring the exposure to market risk of the set indicators against the limits validated at the relevant time in the Group's Risk Strategy. In case of any early warnings or breaches of the set risk levels, it triggers the alert procedure, informing all relevant bodies of the event in full detail and of the action plan to bring the risk back to its regular level.

Operational Risks

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

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

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

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

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

- Operational Risk Manager (ORM or with the Italian acronym MRO), who is responsible for reporting on potential risks and actual risk events arising in the various operating corporate structures and for coordinating the implementation of permanent controls;
- MRSI (*Manager des Risques SI*), person in charge, within the Risk Management and Permanent Controls Department, of monitoring and control of IT risks on the Information System, on Physical security and on the Business Continuity Plan (BCP);
- CISO (Chief Information Security Officer), who is responsible for the security of corporate information;

- Information Security Manager (ISM): who is responsible for the implementation and management of the Information System operational security;
- Business Continuity Manager (BCM), who is responsible for the Group's Business Continuity Plan;
- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls.

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

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

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

RISKS AND UNCERTAINTIES

The risk monitoring, management and control policies continue to be key pivots on which, in the present and future scenario, Banks must measure themselves both against each other and against domestic and international markets.

Crédit Agricole Italia's governance bodies continue to give high and constant attention to sustainable development and growth, through close monitoring of the risk the Bank is exposed to, considering also the effects of the uncertainty about the macroeconomic evolution and the complex geopolitical situation. These issues may indeed generate impacts on the financial, cash flow and profit or loss structure that the Bank is required to manage and keep at acceptable levels, in order to protect savings (and thus its Customers' trust) and lending (healthy drivers of growth).

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

Although in the first months of the year the economy posted lively growth thanks to the favourable economic situation, recovery proved weak and uneven, albeit exceeding expectations. Central Banks continued with their restrictive approach started in 2022 through constant interest rate hikes, concentrated in the first nine months of 2023, albeit with lower intensity than in the past, in order to bring inflation back to the set target, with special attention to the repercussions on the real economy and financial stability.

Although generating a positive impact in bringing inflation under control, especially in the Euro Area these policies limited domestic demand, slowing down consumption, impacting on the expenses of households and businesses, thus affecting their repayment ability, and causing general stagnation in the last quarter of 2023. In this scenario, lending slowed down quite markedly, due to the increase in interest rates, which affected demand, and to more restrictive credit supply.

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

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

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

3. INTERNAL CONTROLS SYSTEM

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

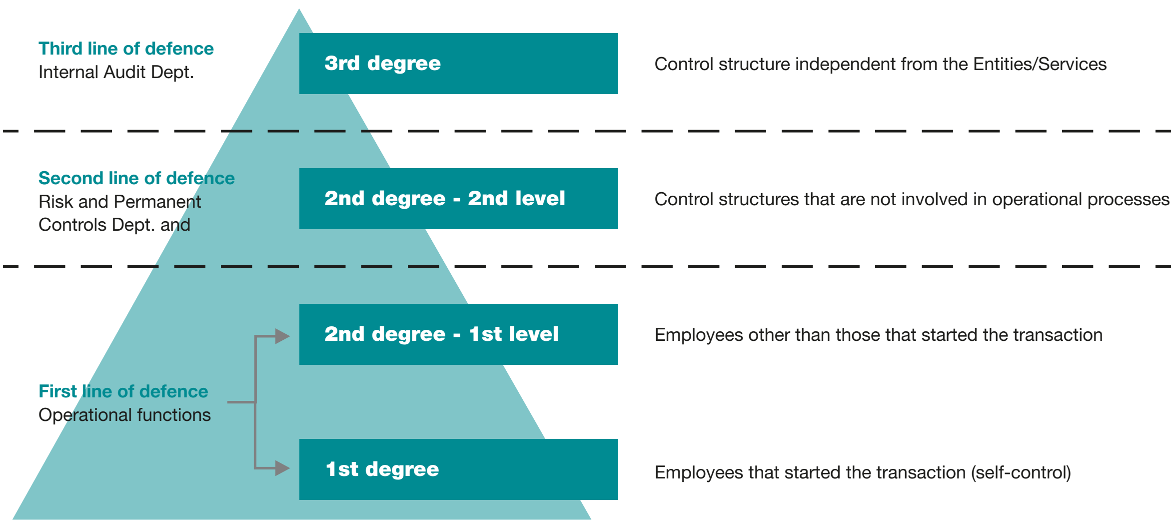
- Constant control of risks;
- Adequacy of the control activities to its organizational structure;
- Ensuring reliability, accuracy and promptness of reporting.

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

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

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

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



- First line of defence:
  - 1st degree controls: performed continuously, at the start of any transaction and throughout the process for its validation, by the employees that carry it out and by the persons they report to on a solid line, or performed by the automated systems for transaction processing;
  - 2nd degree – level 1 controls: performed by employees other than those that started the transaction.
- Second line of defence:
  - 2nd degree – level 2 controls: performed by the specialist structures engaged in last-level permanent controls, independent from structures and roles with business executive functions.
  - 1- and 2.1-degree controls aim at identifying, correcting and preventing any irregularities or anomalies in operations. 2.2-degree controls may be performed also based on the evidence found within lower-degree controls and, therefore, they may express also outcomes of lower -degree controls.
- Third line of defence:
  - 3rd degree controls performed by the Internal Audit Department.
    The updating of the system of normative instruments is also constantly focused on and, in addition to the upgrading to the regulations already implemented, also entails a coverage extension through specific policies that are in force for the Group as a whole.

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

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

INTERNAL AUDIT

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

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

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

The Internal Audit Department:

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

OTHER INFORMATION

COVERED BONDS

In 2023 Crédit Agricole Italia presented two Covered Bond issued in the *Premium* format and compliant with the latest EU legislation to the market. The first issue took place in June and had an amount of 1 billion Euros and 6.5-year maturity, while for the second one had a sole subscriber, the European Investment Bank (EIB), an amount of 400 million Euros and 5-year maturity.

DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

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

RESEARCH AND DEVELOPMENT

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

TREASURY SHARES

The Parent Company Crédit Agricole Italia holds treasury shares. No company of the Group holds shares in the Parent Company. For more information on equity, please see the Notes to the Financial Statements.

PERFORMANCE OF THE CONSOLIDATED COMPANIES

THE PERFORMANCE OF CRÉDIT AGRICOLE GROUP SOLUTIONS OPERATIONS

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

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

The total amount of income achieved in 2023 hit 379 million Euros and was determined reallocating the expenses incurred by the Consortium for the provision of its services to the Group's entities, based on the application of the adopted cost allocation model.

Operating expenses came to Euro 378.75 million, increasing by Euro 3.09 million (+0.8%) vs. the previous period, with the increase mostly concerning administrative expenses.

HR costs came to Euro 76 million (20% of total expenses) increasing vs. 2022 by Euro 4.5 million, with that increase resulting from more resources seconded by the Parent Company to strengthen its structures after Creval integration and from the alignment of the provision for incentives.

Depreciation and amortization came to Euro 84.5 million, increasing by Euro 1.4 million (+1.7%) vs. the previous year.; due to the impact of the higher IT investments consistently with the medium-term strategic plan, partly offset by the progressive decrease in depreciation and amortization on previous investments.

Financial expenses and income (0.5 million) increased vs. the previous year due to higher interest expenses on the loan granted by the Parent Company Crédit Agricole Italia despite the reduction in the outstanding amount. Furthermore, interest expenses on leases under IFRS16 had a higher weight

Since the Consortium operates on a not-for-profit basis, all expenses borne for service provision were fully reallocated to the Consortium members and, consequently, the Income Statement for 2023 broke even.

THE PERFORMANCE OF CRÉDIT AGRICOLE LEASING ITALIA (CALIT)

Crédit Agricole Leasing Italia is CA leasing entity in Italy and is part of the Crédit Agricole Italia Group.

In 2023 the Italian finance lease market gave evidence of its resilience proving the importance of leases as a financial tool supporting the Italian economy's backbone. The Italian finance lease market (excluding long-term motor leases and operating leases of capital equipment) posted the signing of over 234 thousand new contracts, for an amount of over 21.1 billion Euros (source: Assilea figures as at 31 December 2023); on an annual basis, it slightly declined by -0.4% YoY in terms of value and grew by +0.3% YoY in terms of number of contracts. The performance was affected by the trend in the last months of the year as, in the first part of 2023, the performance showed overall positive signs.

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

In 2023 production grew vs. 2022: intermediation volumes came to Euro 1,310 million (+4% YoY). The number of new contracts slightly decreased coming to 7,565 (-0.3% YoY).

The 2023 new production breaks down as follows: approx. 55% in operating equipment leases, 19% in motor leases, 8% in leases associated with renewable energy, 5% in air sea and rail leases and, lastly, 13% in real estate.

Having regard to the distribution channel, the synergy with Crédit Agricole Italia proved once again fruitful, with about 78% of the 2023 production volumes (in line with the 2022 figure of 79%) achieved through the Bank's network on common Customers (+3% YoY). The weight of the Vendor channel accounted for 21% of the 2023 production volumes (in line YoY) posting a double-digit growth in its performance vs. 2022 (+13% YoY) providing Customers with yet another important element in the range of products and services of Crédit Agricole Leasing Italia and of the Group.

Gross loans came to Euro 3.1 billion, with an increase in performing ones, coming to Euro 2.9 billion (up by Euro +0.3 billion, i.e. +11.6% YoY) and a decrease in non-performing ones that came to Euro 116 million (down by Euro 25 million, i.e.--17.7% YoY).

The weight of gross non-performing loans came to 3.8%, decreasing vs. 2022 (-1.3%) and constantly below the market figure (6.5% as at 31 December 2023 - source Assilea). The weight of net non-performing loans also improved, coming to 1.6% vs. 3.0% in 2022.

In terms of profit or loss, in FY 2023 the Company reports a net profit of Euro 12.2 million, appreciably higher than the 2022 figure (+33%), thanks to the combined positive effect of higher income, operating expenses under control and lower adjustments of loans.

Net operating income came to Euro 46 million, increasing by +7.1% YoY, with net interest income of Euro 33.7 million (- 4.1% YoY, as it was negatively impacts by the strong growth in market rates, which, on the one hand, intensified competition on applied rates and, on the other hand, caused borrowing costs to spike) and the service component of Euro 12.4 million (+57% YoY). This aggregate consists of net fee and commission income for Euro 4.8 million (up by +32% YoY, driven by the traditional components of lease contract application processing), of net operating income for Euro 9.1 million (up by +17% YoY) and of expenses not recoverable from Customers (down by -56% YoY).

Overhead expenses came to Euro 15.8 million, down by -4% YoY, with higher personnel expenses (because of organic growth in the structure and of the renewal of the applicable Italian national collective bargaining agreement), higher depreciation and amortization (consistently with the investment plan supporting the industrialization and digitalization of the operating machine) and lower administrative expenses (thanks to the benefits generated by the aforementioned projects and to the fact that there were no non-recurring costs as those incurred in 2022 also for the integration of Creval portfolio).

The Cost/Income ratio came to 34.2% improving vs. 38.3% in 2022, giving evidence of the structure's operational efficiency.

Operating income came to Euro 30.3 million (up by +14.3% YoY).

The cost of risk came to Euro 11.9 million, decreasing by -5.4% YoY, and consisted mainly of the cost of credit, which came to Euro 11.2 million (down by -3.2% YoY), and to 39 bps vs. 46 bps in 2022. Thanks to the important results achieved in terms of NPE reduction (management and collection with no need for formal insolvency procedures), down by -40 million Euros (29% of total NPEs as at December 2022), and to effective control on new non-performing positions (at Euro 15 million, down by -17% YoY), the coverage ratios could be further and considerably increased (NPE coverage ratio at 58.2% in 2023 vs. 43.3% in 2022).

As regards Capital Ratios, the CET 1 Capital ratio came to 6.54% and the Total Capital ratio to 7.46% (well above the minimum regulatory requirements, of 4.5% and 6.0%, respectively.

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

	31 Dec. 2023	
	Equity	of which: Profit for the period
Parent Company's balances	**7,992,677**	**703,250**
Effect of consolidation of subsidiaries	10,056	7,869
Effect of the equity method accounting of significant equity investments	-677	108
Dividends received in the period	-	-1,532
Other consolidation adjustments	2,673	-1,510
Consolidated balances	**8,004,729**	**708,185**

OUTLOOK

The forecasts about the 2024 macroeconomic and banking scenario focus mostly on inflation and on the methods and timeline for the easing of restrictive monetary policies. A very material factor will be recovery in international trade, which, in the last few years, has been strongly affected by the wars that broke out in various parts of the world and are still underway.

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

As regards the Crédit Agricole Italia Banking Group, it is reported that, from 31 December 2023 to the date of approval of this Report, no events occurred which could generate significant changes in the structure of the Crédit Agricole Italia Banking Group and in its profit (loss) for 2023.

Amongst the uncertainty factors that may affect the future scenarios in which the Crédit Agricole Italia will operate, to be taken into account are the possible effects on the global and Italian economy generated by the macroeconomic evolution (monetary policy and process to bring inflation back towards its target) and by the complex geopolitical situation. Given the current scenario, the Group is keeping a very prudent approach in its risk policy. Furthermore, the Group's solvency and liquidity (which are monitored on a daily basis), continue to be very strong.

MACROECONOMIC AND BANKING OUTLOOK FOR 2024

MACROECONOMIC SCENARIO[23]

The Gross World Product is expected to decrease to 2.7% in 2024 from 2.9% in 2023, and to go back up to 3% in 2025 thanks to the increases in real income and to easing of restrictive monetary policies. In the short term economies are expected to markedly diverge, with emerging markets posting larger development than Europe, where growth is expected to be relatively more modest, also than the one in North America and in the main Asian economies. Annual consumer price inflation in the G20 economies is expected to continue to gradually decrease, coming to 5.8% and to 3.8% in 2024 and 2025 respectively, and to reach its target not before 2026.

According to forecasts:

- In the **USA** the GDP is expected to slow down standing at +1.5% in 2024, vs. +2.5% in 2023, a growth rate that should remain stable with a slight increase in 2025. The expected slowdown would result from a possible decrease in both consumption and investments caused by the restrictive monetary policy being implemented, which would generate its effects slightly later than expected because of businesses' ability to block interest rates for an extended period. As regards the labour market, weaker demand would cause the employment rate to decrease, however to a lesser extent than in other past cases of recession. Inflation is expected to slow down in 2024 (+2.5%), allowing for a decrease in interest rates, which will drive an improvement in the US economy in 2025, although inflation is not expected to reach its target at least before that date. Furthermore, in December 2023 the Consumer Price Index (CPI) increased by +0.3% vs. the previous month, exceeding expectations, and therefore the FED is not expected to cut rates, at least in the first part of 2024. The presidential election of 5 November 2024 is going to be very material and its outcome is going to have effects on the US budgetary policy, which will in any case continue to post a large deficit despite a slight reduction, with subsequent increase in the tax revenue to GDP ratio.
- For **Emerging Countries** two years of growth are expected, which would result in a smaller gap vs, developed Countries, albeit with a different business model, more focused on domestic demand and value chain reorganization. In the next few years, monetary policies are expected to normalize in Latin America Countries, which would generate benefits for domestic economies driving mainly private consumption. A special case will be that of Argentina, where newly-elected President Milei will have to implement its economic proposal based on public expenditure cuts and on the dollarization of the economy in a scenario featuring extremely high inflation (+211% in 2023), to which he immediately responded devaluating the Peso by 50%, and contracting GDP (-1.8% in 2023). Conversely, the situation is different for **Central European** Countries, which are being impacted by the war underway and experiencing a larger increase in prices vs. other regions. Despite this scenario, in Poland both minimum wages and real income increased, which should drive domestic demand thus bringing about growth in 2024.
- The **Chinese** economic scenario is very uncertain: after the GDP rebound in 2023 (+5.2%), economic activity is expected to slow down to +4.7% and +4.2% in 2024 and 2025 respectively. The slowdown has resulted from the general lack of confidence, with private consumption further weakening because of the precautionary increase in propensity to save, given the decline in new jobs and the high uncertainty affecting the Country. In order to foster investments and as announced regarding the -0.5% reduction in the reserve requirement set for supervised banks, the People's Bank of China will adopt a strategy aimed at preventing any deeper correction in the real estate market, which, after crashing in 2023, remains a risk factor, through lower costs of mortgage loans and the construction of urban infrastructures in order to drive residential property sales. Indeed, the fiscal policy should prove crucial, with tax deductions and exemptions for SMEs, to support infrastructure construction and regeneration of urban villages, hoping for a rebound in local revenues. However, investments may prove not enough to counterbalance weak consumption and the low contribution from foreign trade, which has been heavily penalized by the decline in global demand. In any case, the monetary policy should remain accommodative, with interest rates expected to be cut even further, in order to reduce the interest rate spread vs. other economies, which has caused capital outflows and currency devaluation. Lastly, yet another risk factor to be taken into account as regards the international geopolitical balance is the tension with Taiwan, where 90% of high-tech microchips worldwide is manufactured and where, at the beginning of the year, the Democratic Progressive Party presidential candidate Lai Ching-te, who is a strong supporter of independence from China, won the national election, coming ahead of the conservative party Kuomintang.

23 Sources: ECO; OECD, Economic Outlook (November 2023); Source: Prometeia, Forecast Report (December 2023).

- As regards the **United Kingdom** in the next two years growth is expected to be modest, specifically +0.7% in 2024 and then to slightly increase to +1.2% in the following year. The main driver of growth is going to be private consumption, thanks to the increase in real wages, and to the general decrease in prices, which will more than offset the decrease in public expenditure and investments. The latter two elements will indeed be revised downward, due to the restrictive fiscal policy that is going to be implemented as of 2024, taking the government deficit from 5.5% of the GDP in 2023 to 3.7% in 2025, although the government debt will continue to increase and remain above 100% of the GDP for the next few years.
- **India** will continue in its phase of economic growth (+6.1% in 2024), albeit at a slower pace than in 2023 (+6.3%), despite a scenario featuring high inflation and high interest rates, thanks to its position in the global supply chain, to the detriment of its competitor China, and thanks to private consumption stability. Inflation is also expected to improve, coming to +4.5% at the end of 2024 mainly thanks to the slowdown in oil prices.
- The **Russian** economy proved more resilient than expected, posting growth in the second and third quarter of 2023, after contracting for four consecutive periods. In 2024, domestic demand, which drove the economy last year, is expected to slow down due to new interest rate hikes. Moreover, the Russian Central Bank is continuing to adopt measures aimed at supporting demand for rubles in spite of the imposed sanctions.

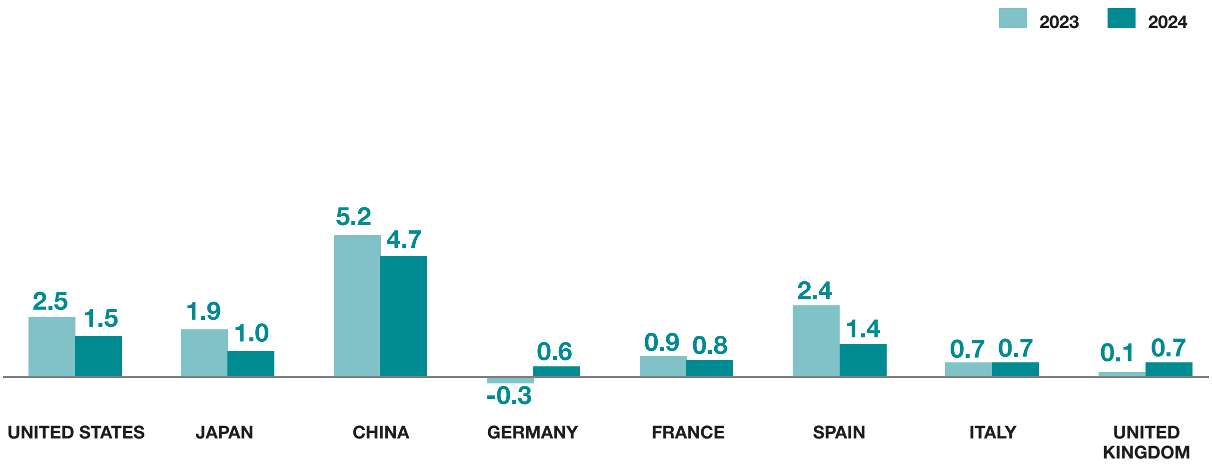
EURO AREA

The **Euro Area** GDP is expected to grow at a steady pace in the next two years, at +0.9% and +1,5% in 2024 and 2025, vs. +0.5% in 2023. The growth will probably be driven by domestic demand, with private consumption that will be supported by stability in the labour market and will benefit from the increase in real income, thanks to the decline in inflation, which is expected at 3% in 2024 (average figure, vs. +5.5% in 2023). Core inflation should also decrease, albeit at a slower pace, going back to the ECB target by the end of 2025. At the same time, interest rates continuing to be high will continue to affect borrowing, with a negative impact on private investments, only partially counterbalanced by public investments via the Next Generation EU programme. On the other hand, the foreign component contribution for 2024 is expected to be null because of the weakness of global demand, still affected by the geopolitical uncertainty, with trade tensions that may further worsen. Indeed, any worsening in those trade tensions may rekindle inflation growth, thus impacting on households' and businesses' ability to repay debt, with possible repercussions on the Euro Area's financial stability.

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

- After a lacklustre performance in 2023 (-0.3%), **Germany** should have some growth prospects for the 24/25 two-year period, of +0.6% and +1.2% respectively, driven especially by private consumption, thanks to higher purchasing power subsequent to wage increases and decreasing inflation. Another factor that will give a positive contribution to the German GDP expansion will be public investments, which will offset the decrease in residential ones and in exports, as the latter are expected to resume growth not before 2025, when international trade will pick up pace.
- In 2024, the GDP of **France** is expected to be essentially stable vs the previous year (+0.8% in 2024 vs +0.9% in 2023) due to the restrictive monetary policies, which dampened the origination of loans to the economy affecting investments and consumption, partly counterbalanced by wage increases and inflation going down. For 2025 it is expected to grow by +1.2%, thanks to the improvement in foreign demand and to international trade recovering momentum.
- The GDP of **Spain** in expected to slow down in 2024 and 2025, coming to +1.4% and +2.0% respectively, vs. +2.4% in 2023. Also for Spain, the main driver of the GDP growth will be the stability of domestic demand, supported also by public expenditure. Inflation is expected to slightly increase to +3.7% in 2024, but to slow down to +2.3% by the end of 2025.

GDP: YoY % change



Sources: OECD, Economic Outlook (November 2023); National Statistics Institutes of the single Countries.

THE ITALIAN ECONOMY[24]

The uncertainty factors linked to the international scenario, such as the risk of further market fragmentation due to the geopolitical tensions and to inflation going back towards its target at a slower pace, are at the basis of the **Italian economy** development forecasts, which, for 2024, expect a similar figure to the 2023 one (+0.7%), essentially in line with the EMU average. Some of the elements that give a positive contribution to the evolution in the economic situation are the recovery the households' purchasing power and the improvement in employment: in this scenario, the expected increase in the GDP will be mainly driven by domestic demand net of inventories, with a nearly null contribution given by net foreign demand.

Given its steep decline in H2 2023, it is plausible to expect a decrease in the **inflation rate** in 2024 thanks to monetary restriction, although likely at a slower pace than initially expected: tensions remain on food product prices and energy prices, which continue to be a key factor for the overall trend. Oil and gas international prices are expected to moderately increase in the first half of 2024, with the contribution of the energy component of overall inflation expected to return positive as early as in the spring. In short, the development in inflation will still be affected by the past strong fluctuations, showing an uneven pace during the year.

Given the scenario of economic recovery cooling down, along with households' and businesses' confidence becoming weaker and with inflation not yet fully under control, the Italian Government decided to adopt an economic package consisting of several expansionary measures, which, in 2024, amount to 1.2% of the GDP, net of fiscal effects. The main goals of the 25 billion Euros economic package concern the adjustment for inflation of public procurement contracts and healthcare expenses, and the reduction of taxation on medium-low income, which absorbs half of the allocated resources amounting to approximately 13 billion Euros. In this general picture, it has been decided to increase the budget deficit target for 2024 to 4.3% of the GDP (down by one percentage point only vs. 2023), postponing the return below the 3% limit to 2025.

Also because of the higher-than-expected performances of household spending in 2023, the domestic demand will be mainly driven by private consumption (+0.8% in 2024), supported by the expected slowdown in inflation, but with an effect expected also from the measures cutting social security contributions on employee income and from the Reform of the Italian personal income tax. Furthermore, the increasing trend of investments in government securities, which contributed to reduce the excess liquidity saved during the pandemic and will continue to do so in 2024, is expected to go on.

Having regard to investments, the effects of the restrictive monetary policies and the end of tax incentives on building works will be counterbalanced by the implementations of Italy's Recovery and Resilience Plan, the revision of which was finally approved on 8 December 2023. Nonetheless, the pace of growth in investments is expected to slow down (+2.6% in 2024 vs. +3.9% in 2023), due to the weakening in the construction component (-4.6% in 2024 vs. -2.8% in 2023), affected by the decline in residential investments, which can no longer rely on the "Superbonus 110%" tax incentive.

24 Sources: Prometeia, Forecast Report (December 20223; ISTAT (the Italian National Institute of Statistics) Italy's economic outlook 2022-2023 (December 2023).

Having regard to the labour market, the scenario expects growth in Annual Work Units (AWU) of +0.8% in 2024, slowing down vs. +1.5% in 2023 and in line with the GDP expected trend, whereas the unemployment rate would come to 7.5% (vs 7.2% in 2023), with the employment rate slightly increasing (62.0% in 2024 vs. 61.4% in 2023).

THE BANKING SCENARIO[25]

The inflation trend is going to drive market expectations on the first interest rate cuts, which the *consensus* believes to be more and more likely near the summer, with the FED cutting them first and then the ECB, while continuing to closely monitor the development in the macroeconomic situation.

After the extraordinary growth it posted in 2023, the banking system's profitability is going to slow down because the development in net interest income will have effects on the narrowing of the net interest spread, with fee and commission income that, albeit recovering, may be unable to offset the waning boost from higher rates. The players' need to drive profitability, along with firmly higher interest rates and the progressive decrease in inflation, should stimulate higher commercial momentum and households' investments, in a more favourable market scenario. Net funding will return to be positive and the increase in average assets under management, thanks also to the positive contribution given by markets, will drive upwards the trend in fees and commissions from asset management and intermediation, thus offsetting the weakness of the traditional banking component, which is being affected to a larger and larger extent by the competitive pressure form new players.

This pressure is going to cause leading banks to make higher investments in technology and innovation, with the consequence of smaller and smaller room for reducing operating costs, which are, however, expected to decrease in 2024 thanks mainly to the savings resulting from voluntary redundancies of employees and the end of the non-recurring expenses for the related incentives. Lastly, inflation returning towards its target level, along with the ongoing geographical rationalization of the physical network, will also enable control of "sundry costs", with the industry's *cost-income* ratio that will nonetheless return to grow, due especially to the performance of revenues.

The slowdown in lending will give room for some slight recovery, with loans to households being the main driver as they are likely to resume their upward trend thanks to the increase in disposable income and to consumption picking up pace again, which will boost home purchase spending, the hardest hit by the restrictive monetary approach. Conversely, a flatter trend is expected in lending to businesses, which will somewhat recover but will still be penalized by the decline in construction investments, due to the tapering of the "Superbonus" tax incentive and the suspension of some support measures for energy efficiency upgrading, not fully counterbalanced by investments under Italy's Recovery and Resilience Plan.

In 2024 the worsening in credit risk foreseen in 2023 will occur, with the default rate on the increase and expected to exceed the 1% threshold. This increase in tensions on loan quality is associated mainly with the slowdown in the economic cycle and will still high bank interest rates, which impact on the expenses of households and businesses impairing their repayment ability. All this is going to cause the increase in the cost of risk and in NPLs on banks' balance sheets, which will nonetheless be mitigated by NPL disposals, also mitigating the upward trend in the NPL ratio.

Having regard to capitalization, after further strengthening of the capital and reserves aggregate in 2023 given the profit performances and the decision made by significant Banking Groups to allocate 2.5 times the windfall tax amount to reserve, self-financing through retained earnings will continue to be the main driver of equity growth in the banking system. Furthermore, banks will continue to keep considerable capital surplus above the minimum supervisory requirements, although no significant impacts are expected in the next three years given the modest impacts associated with the prudential framework that is about to be published (such as Basel 4 entering into force on 1 January 2025).

25 Sources: Prometeia, Forecast Report (December 2023); Prometeia, Previsioni Bilanci Bancari (October 2023).

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

INTERNAL CONTROL SYSTEM

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

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

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

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

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

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

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

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

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

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

- Use of a shared language that is consistent with the Controlling Company's methods;

- Implementation of detection and measurement approaches and tools;
- Definition of risk reporting models;
- Setting of coordination meetings to plan activities;
- Establishing exchange information flows;
- Agreeing on the identification of corrective actions.

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

The structures and roles engaged in 2nd level and 3rd level controls report to the Board of Directors and to Crédit Agricole S.A. on:
- Activities carried out;
- Main risks detected;
- Identification and implementation of the mitigation mechanisms and the effects of their implementation.

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

CORPORATE GOVERNANCE BODIES

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

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

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

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

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

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

CONTROL FUNCTIONS

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

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

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

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

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

RISK MANAGEMENT AND PERMANENT CONTROLS DEPARTMENT

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

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

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

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

- Credit risks, including:
  - Concentration risks;
  - Counterparty risks;
  - Climate-related and environmental risks;
- Market and financial risks, including:
  - Interest rate risk of the Banking Book;
  - Liquidity risk;
  - Market risk of the Banking Book and Trading Book;
  - Foreign exchange risk;
- Operational risks, specifically including:
  - Insurance Coverage risks;
  - Information and Communication Technology (ICT) Risk (Information System and Security of Information Systems);
  - Risks concerning the Business Continuity Plan (BCP);

- Physical Security;
- Risks concerning the provision of “Critical and Important Functions (CIF or with the Italian acronym FEI)”, which the Parent Company Crédit Agricole S.A. calls “Provision of Outsourced Essential Services (PSEE)”.

The Validation Function activities have the objective of providing independent verification of:

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

The Risk Management and Permanent Controls Department of the Crédit Agricole Italia Banking Group contributes to the definition and implementation of risk management policies, including ICT risk, which is managed through the activities of Crédit Agricole Group Solutions Specifically, within its scope of operation:

- It coordinates and leads the process for the definition of the Risk Appetite Framework and, once a year or more frequently where required by new scenarios and/or new needs, it proposes the Risk Capacity limits, the Risk Tolerance thresholds and the Risk Appetite (the risk appetite is set by the CFO Finance and Financial Reporting Governance);
- It coordinates also the annual definition of the Group Risk Strategy setting, in accordance with the requests made by the business structures, the system of operational limits, verifying afterwards its application and performance on a continuous basis;
- It gives its opinion on the main risk-taking instances, regarding all the types of risk falling in its scope of responsibility;
- Having regard to lending matters, besides giving prior opinions on the matters and positions in its scope of responsibility, it takes part in the design of lending policies, defining and updating also sector riskiness, as well as in the definition of the regulations on performing loans, watch-list loans and non-performing loans, the related decision-making powers and the NPE strategy. It promotes and carries out periodic reviews of the loan portfolio on specific scopes, such as economic sector and/or customer segments, also through dedicated reporting flows and the second-level regulatory audits of the Performing and Non-Performing Loan portfolio;
- Having regard to financial risks, it continuously monitors the risk exposure through monitoring indicators that are specific to each scope and against the limits and alert thresholds set by the Group Risk Committee (Comité Risques Groupe or CRG) of CA.SA.. Furthermore, it performs the second-level controls provided for by CA.SA internal normative instruments;
- Manages the procedures for credit risk measurement:, with special regards to rating systems, about which it shall ensure the double regard process through the validation of corporate counterparty ratings. Also ensures proper application of the Group rules on collective provisions, managing the related process and the OMP IT procedure underlying it;
- It participates in defining the regulations and policies on ICT and Outsourcing risks;
- Defines the regulations and policies on operational risks.

The Risk Management and Permanent Controls Department is responsible also for the Group risk reporting. These reports are prepared on a monthly or quarterly basis and are submitted on a quarterly basis to the Boards of Directors of the single Companies. The reporting produced by this Department covers, among other things, the following:

- The quality of new production of loans in the different economic sectors and customer segments;
- The outcomes of the quarterly controls on Performing and Non-Performing loans chosen on a sample basis;
- The adequacy of the recovery and management processes, as well as of coverage of Non-Performing loans;
- Compliance with the limits laid down within the Risk Strategy and the RAF, in order to present the performance of the key risk indicators for more effective and prompter preparation of the action plans required to mitigate, prevent or avoid risk factors:
- Monitoring of ICT and security risks, reporting directly to the Consortium’s Board of Directors;
- The performance of operational risk.

Having regard to climate-related physical risks, the Risk Management and Permanent Controls Department carries out the following activities:

- On half-yearly basis, it reports the outcomes of the monitoring of multi-year action plans designed to progressively reach compliance with the ECB's 13 expectations and the Bank of Italy's 12 expectations to the relevant Corporate Committees. The outcomes of the monitoring of the ECB's expectations are measured with a specific indicator defined by the Parent Company, to which the progress in each action plan is also reported on a half-yearly basis;
- It prepares internal reports representing the exposures to climate-related risks – both physical and transition ones – and environmental risk, which are reported to the Board on a quarterly basis. The assessment covers both loans backed by collateral and unsecured ones, and risk levels are assigned using the place hazard mapping of the Italian territory;
- It updates the materiality assessment in order to identify material climate-related and environmental risks and their transmission to the prudential risk categories.

INTERNAL AUDIT DEPARTMENT

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

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

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

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

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

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

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

Specifically, based on a multiyear work plan:

- It ensures the performance of controls aimed at verifying:
  - Proper running of operations by the Group's entities;
  - The effectiveness and efficiency of the corporate processes as implemented;
  - The protection of the value of Group's assets;
  - Protection from losses;
  - The reliability and integrity of accounting and management data;
  - Compliance of operations with both the policies set down by the corporate governance bodies, with all internal normative instruments and with the applicable legislation.
- Performs periodic review and controls on the processes and on the organizational units of all the Companies of the Crédit Agricole Italia Banking Group, as well as on Outsourced Critical or Important Functions, through constant and independent supervision on the regular course of operations, in order to prevent or detect any behaviours or situations that are irregular and/or risky.

- Provides the Top Management, the Corporate Bodies and the Parent Company Crédit Agricole S.A. with prompt and systematic reporting on the conditions of the controls system and on the outcomes of the activities carried out; Supports the Organismo di Vigilanza (body engaged in offence prevention required by Italian Legislative Decree 231/2001) in ensuring constant and independent surveillance action on proper running of operations and processes and in supervising compliance with and adequacy of the rules contained in Model 231.

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

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

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

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

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

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

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

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

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

COMPLIANCE DEPARTMENT

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

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

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

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

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

MANAGER IN CHARGE

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

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

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

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

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

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

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

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

Identification of risks on financial reporting

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

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

Assessment of risks on financial reporting

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

Identification of controls based on the detected risks

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

Assessment of controls based on the detected risks

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

B) Roles and functions involved

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

STATUTORY AUDIT OF THE ACCOUNTS

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

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

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

SOCIAL RESPONSIBILITY

The non-financial data and information of the Crédit Agricole Italia Banking Group are part of the Consolidated Non-Financial Statement prepared by the French Parent Company Crédit Agricole S.A.; therefore, the Crédit Agricole Italia Banking Group would be entitled to the exemption pursuant to Article 6 of Italian Legislative Decree No. 254 of 30 December 2016 (hereinafter "D.Lgs. 254/2016") for reporting entities that belong to a Group that prepares a Consolidated Non-Financial Statement. Nevertheless, in agreement with the French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group decided not to opt for the exemption provided for by the aforementioned Article 6 of D.Lgs 254/2016 and has prepared its Consolidated Non-Financial Statement (NFS) as at 31 December 2023 in compliance with D.Lgs. 254/2016.

The Non-Financial Statement of the Crédit Agricole Italia Banking Group reports the Crédit Agricole Italia's activities as at 31 December 2023 and is a stand-alone document separated from the Management Report, but an integral part of the 2023 Annual Report and Financial Statements The NFS reports information relating to environmental matters, social and employee-related matters, respect for human rights, fight against active and passive corruption, as relevant in accordance with the features of the entities of the Crédit Agricole Italia Banking Group, for full disclosure and reporting on them and on the resulting impacts.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/1998

1. The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Débourdeaux, Senior Manager in charge of the preparation of the company accounting statements of Crédit Agricole Italia S.p.A., hereby certify, considering also the provisions of article 154-bis, paragraphs 3 and 4, of legislative decree No. 58 of 24 February 1998:
   - - the adequacy in relation to the company's characteristics and
   - - the actual application of the administrative and accounting procedures for the formation of the consolidated financial statement during the course of the 2023 financial year.

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

3. The undersigned certify also that:

   3.1 The consolidated report and financial statements as at 31 december 2023:
   a) have been drawn up in compliance with the applicable international accounting principles endorsed within the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the European Council dated 19 July 2002;
   b) correspond to the results recorded in the accounting books and registers;
   c) furnishes a true and correct representation of the capital, economic and financial situation of the issuer and of the companies included in the consolidation.

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

Parma, 19 March 2024

Giampiero Maioli

Chief Executive Officer

Pierre Débourdeaux

Chief Financial Officer and
Senior Manager in charge of the
preparation of the Company
accounting statements

REPORT OF THE BOARD OF AUDITORS ON THE ACTIVITIES PERFORMED AND ON THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023 – NON-FINANCIAL STATEMENT

Dear Shareholders,

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

In 2023, the Board of Auditors performed its institutional duties in compliance with the Italian Civil Code, with Italian Legislative Decrees 385/1993 (the Italian Consolidated Law on Banking, Italian acronym TUB), 58/1998 (the Italian Consolidated Law on Finance, Italian acronym TUF) and 39/2010 as amended and/or supplemented, with the Articles of Association and with the provisions issued by the competent Authorities exercising supervision and control, and in accordance also with the standards of conduct recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Council of Chartered Accountants and Accounting Experts, Italian acronym CNDCEC).

1. APPOINTMENT AND ACTIVITIES OF THE BOARD OF AUDITORS

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

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

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

As regards the activities performed, in 2023 the Board held 47 meetings, having average duration of approximately 1.5 hours. In 2024 and up to the date of this Report, the Board held 17 meetings.

In 2023, the Board of Auditors also attended:

1. All the General Meetings of Shareholders, all the meetings of the Board of Directors and Executive Committee; therefore, it can vouch that those meetings were held in compliance with the Articles of Asso-

ciation and with the applicable legislation governing the operations of the relevant Bodies and, at such meetings, the Board obtained exhaustive information on the exercise of the respective responsibilities and powers, as well as on the most material transactions;;

2. All the meetings of the Risk and Internal Control Committee;
3. The meetings of the Audit Committee for Internal Control, which is a BoD Committee, holding joint meetings, and constantly cooperated and coordinated with it;
4. The meetings of the Loan Committee of the Bank and of the Group, represented by its Chairman or another Auditor;
5. The meetings of the Related Party Committee in compliance with the "Regulation for Risk Assets and Conflicts of Interests with Associated Persons" of the Crédit Agricole Italia Group, as well as the meetings of the Appointments Committee and of the Remuneration Committee, represented by its Chairman and/or another Auditor;
6. The meetings of the Sustainable Development Committee, represented by its Chairman and by another Auditor;
7. The meetings of the Organismo di Vigilanza, set up pursuant to Italian Legislative Decree 231/01, represented by its Chairman and/or another Auditor.

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

Specifically, the Board:
- Obtained information from the Directors, thanks to its participation in the meetings of the Board of Directors and of the Board Committees and in the meetings with the Chief Executive Officer and the Top Management on the general performance and outlook of operations, as well as on the material transactions, in terms of their size or features, carried out by the Company;
- Worked in close coordination with the Subsidiaries' Boards of Auditors;
- Verified, on 24 July 2023, that the fit and proper requirements for office were duly met;
- Implemented its annual work plan that provided for regular meetings especially with the Top Management, the Heads of Central Departments engaged in control functions (Compliance, Risk Management and Permanent Controls, Internal Audit) and the Heads of Departments and Divisions engaged in the management of operations and administration for the review of the reports prepared by them;
- Carried out professional refresher and training activities, also by participating in external events;
- Worked in cooperation, also through specific meetings and contacts, with the Organismo di Vigilanza, the Body in charge of offence prevention - AML, Terrorism Financing, etc. - provided for by Italian Legislative Decree No. 231/01.

Moreover, in 2023 and up to the date of preparation of this Report, the Board expressed its opinion on several matters, including:
- Non-compliance report;
- ICAAP and ILAAP process;
- Co-optation of a Director;
- Verification that the main corporate function holders met the set requirements;
- Remuneration of the Chief Executive Officer;
- Updating of the regulation on associated persons;
- Integrated report by the Control Functions;
- Report on CIF;
- Reports by the Controls Functions on investment services;
- Annual report by the Anti-Money Laundering Function;
- Programme for the issue of Covered Bonds.

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

2. MATERIAL TRANSACTIONS IN THE PERIOD

2.1 Atypical or unusual transactions and Transactions with related parties

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

As regards intra-group transactions and transactions with related parties, this Board also acknowledges that, in paragraph 2 of "Part H" of the Note to the Financial Statements, the material transactions finalized in 2023 are properly reported.

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

In FY 2023, the CA Italia Banking Group carried out several material transactions, which the Board of Auditors constantly monitored; where the case, this Board relied also on the assessments performed by the Risk Management and Permanent Controls Department.

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

i. Geographical rationalization of the physical network: within the 2023-2025 Medium Term Plan, Crédit Agricole Italia S.p.A. designed a rationalization plan containing the revision of its commercial structure in order to achieve a streamlined and differentiated geographical coverage model that is the best suited for the specific features of the individual regions.
ii. Investment property impairment: as a result of the Group's annual exercise for monitoring its real estate properties, impairment of some of these assets was recognized, especially in the "Investment property" category, for a total amount of 15.8 million Euros.
iii. Issue of Covered Bonds: In 2023, the Group went again to the market with two issues of Covered Bonds with 6.5-year and 5-year maturities for 1 billion Euros and 400 million Euros, respectively.
iv. Le Village by CA project: in order to extend the innovation ecosystem to the province of Sondrio and to the Lombardy highlands, in May 2023 the NewCo "Le Village by CA delle Alpi Società Benefit s.r.l." was incorporated; it is based in Sondrio and is a subsidiary of Crédit Agricole Italia S.p.A., which holds 76.56% of its share capital; the new Le Village by CA was opened in early February 2024.
v. Extraordinary tax on net interest income (windfall tax): in compliance with Article 26 of Italian Decree-Law 104/2023, as an alternative to payment of the windfall tax, Crédit Agricole Italia S.p.A. resolved to allocate an amount of Euro 217,350,423.00 to a specific reserve.

As to "Operazioni di maggior rilievo" (material transactions), this Board was informed of the opinions given by the Risk Management and Permanent Controls Department on the following topics:

- Acquisition of an equity investment in the company BDX
- Revision of lending to Compass
- Establishment of a partnership to incorporate Blank S.p.A.

3. SUPERVISORY ACTIVITIES

3.1 Supervisory activities on the adequacy of the internal control system

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

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

- Compliance of corporate operations with the applicable legislation and supervisory regulations, as well as with the internal policies, regulations and procedures;
- Effectiveness and efficiency of the corporate processes as implemented;
- Verifying that the set corporate strategies and policies are properly implemented;
- Keeping risks within the limits set in the Risk Appetite Framework;
- Safeguarding the value of assets and protecting from losses;

- Reliability and security of corporate information and IT procedures;
- Preventing the risk that the entities of the Group may be involved, also unintentionally, in unlawful activities (with specific regard to money/laundering, usury and terrorism financing).

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

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

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

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

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

3.2 Supervisory activities on the adequacy of the risk management system

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

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

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

- Credit and counterparty risks (this category also includes concentration risk);
- Market risk of the Trading Book;
- Price risk of the Banking Book;
- Interest rate risk of the Banking Book;
- Liquidity risk;
- Foreign exchange risk of the Banking Book;
- Operational risk (including Information and Communication Technology Risk).

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

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

3.3 SUPERVISORY ACTIVITIES ON THE STATUTORY AUDIT OF THE ACCOUNTS

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

- Monitoring the financial reporting process and presenting any recommendations or proposals aimed at ensuring its integrity;
- Verifying the effectiveness of the systems of internal control, quality and risk management of the Company and, where applicable, of the internal audit, as regards financial reporting of the audited entity, with no breach of its independence;
- Monitoring the statutory audit of annual accounts, both separate and consolidated;
- Verifying and monitoring the independence of the audit firm tasked with the statutory audit of the accounts pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of the Decree and to Article 6 of Regulation (EU) 537/2014 of 16 April 2014, especially as regards the provision of services other than statutory audit (non-audit services) to the audited entity, in compliance with Article 5 of the Regulation;
- Supervising the procedure for the selection of statutory auditors or audit firms and recommending statutory auditors or audit firms to be appointed pursuant to Article 16 of Regulation (EU) 537/2014.

That being said, in order to perform its monitoring on the statutory audit and its independence, this Board worked in close cooperation with the independent audit firm PricewaterhouseCoopers S.p.A., performing, pursuant to the aforementioned Article 19, in 2023 and up to the date of this Report to the Shareholders, continuous monitoring of the activities carried out by the Independent Audit Firm.

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

Besides exchanging information, the Board of Auditors examined the following reports issued by the Statutory Auditor PricewaterhouseCoopers S.p.A. on 5 April 2024:

- The Audit Report on the Consolidated Financial Statements issued pursuant to Article 14 of Italian Legislative Decree No. 39/2010 and to Article 10 of Regulation (EU) No. 537/2014, which is dealt with in the "Separate and Consolidated Financial Statements" paragraph;
- The Audit Report on the Separate Financial Statements issued pursuant to Article 14 of Italian Legislative Decree No. 39/2010 and to Article 10 of Regulation (EU) No. 537/2014, which is dealt with in the "Separate and Consolidated Financial Statements" paragraph;
- The Independent Auditors' Report pursuant to Article 3, paragraph 10 of Italian Legislative Decree No. 254 of 30 December 2016 and to Article 5 of CONSOB Regulation No. 20267 concerning the Consolidated Non-Financial Statement as at 31 December 2023 (which this Board received on 4 April 2024);
- The Additional Report pursuant to Article 11 of Regulation (EU) No. 537/2014, including the annual confirmation of independence, also issued on the same date, pursuant to Article 6(2)(a) of Regulation (EU) No. 537/2014 and to paragraph 17 of International Standard on Auditing (ISA) Italia 260.

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

As regards verification of the statutory auditor's independence, in 2023 pursuant to Article 19 of Italian Legislative Decree No. 39/2010, the Board of Auditors verified and monitored the independence of the audit firm PricewaterhouseCoopers S.p.A. tasked with the statutory audit of the accounts, pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned Decree and to Article 6 of Regulation (EU) 537/2014, especially as regards the provision of non-audit services to the audited entity. Moreover, as reported above, the Board of Auditors received the statement confirming the Audit Firm's independence, and found no inconsistencies.

Within the monitoring of the statutory audit of the accounts and of compliance with the related independence requirements, this Board carried out the assessments also regarding EY, as it was retained, jointly with Pricewaterhousecoopers, for the audit of the financial statements of the Parent Company Crédit Agricole SA ("CA.s.a").

Specifically, in 2023 this Board issued a total of 15 pre-approvals.

3.4 SUPERVISORY ACTIVITIES ON THE ADEQUACY OF FINANCIAL REPORTING PROCESS

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

On 19 March 2024, the Manager in Charge and the Chief Executive Officer signed the certifications on the separate and consolidated financial statements as at 31 December 2023 required by Article 81-ter of the Issuers' Regulation approved by CONSOB with Resolution 11971/1999 as amended and supplemented.

This Board of Auditors also examined the certification of the half-yearly and annual reports prepared by the Manager in Charge: no one of these documents reports any material shortcomings in the internal control systems concerning the Company's financial reporting and/or accounting system.

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

4. REMUNERATION POLICIES

The Board of Auditors can report that, at its meeting held on 19 March 2024, the Board of Directors approved the "Remuneration Policies of the Crédit Agricole Italia Banking Group for 2024" document, which shall be submitted to the General Meeting of Shareholders. That document defines the principles and standards used to design, implement and monitor the Group's remuneration systems and was reviewed by the Internal Audit Department, as was the appropriate application of the 2022 policies as regards the payment of the variable remuneration components awarded in 2023, with no anomalies found.

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

5. RELATIONS WITH SUPERVISORY AUTHORITIES

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

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

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

6.1 Separate Financial Statements

The Annual Report and Separate Financial Statements as at 31 December 2023 are governed by Italian Legislative Decree no. 38 of 28 February 2005 and by Bank of Italy Circular no. 262 of 22 December 2005 as updated, and were prepared in accordance with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) applicable as at 31 December 2023, and endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In the Note to the Financial Statements, the Management Body stated that no exceptions were made to the application of the IAS/IFRS.

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

The profit for the period came to Euro 703,249 thousand (up by Euro +150,191 thousand vs. the previous FY).

6.2 Consolidated Financial Statements

The Consolidated Financial Statements as at 31 December 2023 are governed by Italian Legislative Decree No. 38 of 28 February 2005 and by Circular No. 262 of the Bank of Italy of 22 December 2005, as updated, and were prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) as well as with the relevant interpretations issued by the IFRIC, endorsed by the European Commission pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002. As specified by the Directors in the Note to the Consolidated Financial Statements, the consolidation perimeter consists, in addition to the Parent Company Crédit Agricole Italia S.p.A., of its subsidiaries of which in Section 3 of Part A of the Note to the Consolidated Financial Statements.

Having regard to the Consolidated Financial Statements as at 31 December 2023, the General Meeting is also informed that this Board supervised their general layouts, their general compliance with the applicable law in terms of preparation and layouts and, on this matter, no remarks are to be made. Moreover, this Board verified compliance with the standards concerning the preparation of the Management Report.

Having regard to the 2023 consolidated profit of Euro 708.2 million, it is pointed out that this figure was not impacted by any non-recurring effects.

As mentioned above, on 5 April 2024, this Board of Auditors received the Independent Auditor's Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010, and to Article 10 of Regulation (EU) No. 537/2014 on the financial statements as at 31 December 2023, whereby the Independent Auditors express their opinion that both the separate and consolidated financial statements provide "a truthful and correct representation of the reporting entity's equity and financial position as at 31 December 2023, of its profit or loss and cash flows for the reporting year, in compliance with the International Financial Reporting Standards endorsed by the European Union and with the measures implementing Article 9 of Italian Legislative Decree No. 38 of 28 February 2005 and Article 43 of Italian Legislative Decree no. 136 of 18 August 2015".

Furthermore, this Board acknowledged that, on 19 March 2024, the Manager in Charge and the Chief Executive Officer signed the certifications on the separate and consolidated financial statements as at 31 December 2023 required by Article 81-ter of the Issuers' Regulation approved by CONSOB with Resolution 11971/1999 as amended and supplemented.

Lastly, having regard to the Management Report and to some specific pieces of information contained in the report on corporate governance and ownership structure, it is pointed out that the statutory auditor's reports attest that they are consistent with the Group's Consolidated Financial Statements and with the Separate Financial Statements as at 31 December 2023 and have been prepared in compliance with the applicable law.

6.3 Non-Financial Statement

The CA Italia Group has chosen to present its Non-Financial Statement (hereinafter NFS) on a voluntary basis also for 2023, as done in the previous years, even though it is exempt from the obligation to prepare it under Article 6 of Italian Legislative Decree No. 254/2016.

Having regard to Italian Legislative Decree 254/2016 concerning the disclosure of non-financial information and to the related implementing Regulation issued by CONSOB with its resolution of 18 January 2018, this Board of Auditors supervised, in performing its functions, compliance with the provisions contained therein on the preparation of the Non-Financial Statement (hereinafter, which was approved by the Board of Directors on 19 March 2024 as a free-standing document separated from the Annual Report and Financial Statements.

Within its responsibilities and duties, in 2023 the Board of Auditors had meetings with the heads of the structures involved in sustainability matters and in preparing the Non-Financial Statement, participated – represented by its Chairman or another Auditor - in all the meetings of the Sustainable Development Committee and had meetings with the representatives of the appointed Audit Firm (PricewaterhouseCoopers S.p.A.), examining the documents made available. Lastly, this Board acknowledged the report issued by the Audit Firm on 5 April 2024 in which the Audit Firm attests that it found no elements that may lead to think that the NFS of the Crédit Agricole Italia Banking Group has not been prepared, in all its material aspects, in full compliance with the applicable legislation.

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

7. EVENTS OCCURRED AFTER THE REPORTING DATE

From the reporting date to the approval of the 2023 Annual Report and Financial Statements, no such events occurred as to entail any material change in the assessments made by the Directors and represented in the balance sheet, income statement and statement of cash flows of the Group.

Covered bonds

It is reported that, in early 2024, Crédit Agricole Italia completed the first issue in the year of Green Covered Bonds in the Italian market, substantiating once again its commitment to the environment with a new issue for a total amount of 500 million Euros which collected orders for nearly 5 billion Euros, proving investors' appreciation both for Crédit Agricole Italia S.p.A. and for Green sustainability matters.

Moreover, in March 2024 another Covered Bond (CB) with 12-year maturity was issued for an amount of 1 billion Euros.

8. DIVIDEND DISTRIBUTION PROPOSAL

As regards dividend distribution, the Board of Directors of Crédit Agricole Italia S.p.A. has proposed:
- The allocation of Euro 2,300,000 to the fund for charity and support to social and cultural initiatives;
- The allocation of Euro 217,350,243 to reserve under Article. 26, para. 5-bis, of Italian Decree-Law 104/2023;
- The distribution of dividends for a total amount of Euro 359,715,995, which is equal to a dividend of Euro 0.3264 for each one of the 1,102,071,064 outstanding shares;
- The allocation of Euro 123,883,538 to extraordinary reserve.

9. CONCLUSIONS

Dear Shareholders,

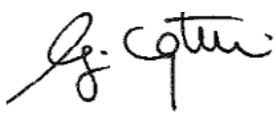
Considering the information and evidence obtained in its supervisory activities and reported above, considering the outcome of the activities performed by the firm tasked with the statutory audit of accounts "PricewaterhouseCoopers S.p.A." as contained in its Independent Auditor's Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010, and to Article 10 of Regulation (EU) No. 537/2014, and considering the Certifications signed by the Chief Executive Officer and by the Manager in charge of the preparation of the corporate accounting documents, the Board of Auditors unanimously deems that there are no reasons why you should not approve the draft Annual Report and Financial Statements as at 31 December 2023, as prepared and submitted to you by the Board of Directors.

The Board of Auditors agrees with the dividend distribution proposal as made by the Board of Directors on 19 March 2024.

* * *

Parma, 05 April 2024

For the Board of Auditors
(Luigi Capitani)



INDEPENDENT AUDITORS' REPORT

pwc

Independent auditor's report

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

To the shareholders of Crédit Agricole Italia SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Crédit Agricole Italia Group (the Group), which comprise the consolidated balance sheet as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Recoverability of the book value of goodwill arising from business combinations *Notes to the consolidated financial statements* *Part A – Accounting policies* *Part B – Information on the Consolidated Balance Sheet, Section 10 of assets* As of 31 December 2023, the book value of goodwill arising from business combinations carried out by the Bank in previous years was equal to Euro 1,316 million. The directors assess the recoverable value of goodwill, at least annually (impairment test). Such assessment, aimed at identifying any impairment losses, is based, pursuant to IAS 36 "Impairment of assets", on the comparison between the book value and the higher of fair value less costs to sell and the value in use of the Cash Generating Unit or CGU. The estimate of the value in use of the CGU was carried out using the Dividend Discount Model, in the excess capital version. This method, which is consolidated and recognised in the prevailing practice, requires the use of information, parameters and assumptions, which were also developed with the support of the parent company Crédit Agricole S.A.. The determination of the recoverable value of the assets subject to impairment test requires the directors to make estimates that, by their nature, contain significant elements of professional judgement with particular reference to expected cash flows. For the reasons set out above, we considered the recoverability of the book value of goodwill arising from business combinations to be a key audit matter of the consolidated financial statements as of 31 December 2023.	During the performance of our audit, we considered the internal control system relevant to the preparation of the consolidated financial statements. Specifically, we carried out the following main activities, also with the support of the PwC network experts in business valuation: • understanding and evaluating the process and methodology adopted by the directors to perform the impairment test; • verifying the consistency of the evaluation method adopted with the requirements of IAS 36, taking also into account the market practice; • assessing the reasonableness of the forecast data used to determine the prospective cash flows of the identified CGU, as well as the data consistency with the forecast plans; • critical examination of the reasonableness of the main assumptions used by the directors in the evaluation process, also by checking with external data where available, the main quantitative parameters (cost of capital, discount and growth rates) used to determine the recoverable amount of the CGU; • checking the accuracy of the mathematical calculations underlying the valuation models used and their correctness; • evaluating the results of the sensitivity analyses carried out by the directors in order to determine the changes in the main assumptions which could impact on the evaluation of the recoverable value of goodwill; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the requirements of

international accounting standards and the applicable regulatory framework, as well as the communications of the Supervisory Authorities.

Recoverability of "non-convertible" deferred tax assets

Notes to the consolidated financial statements
Part A – Accounting policies
Part B – Information on the Consolidated Balance Sheet, Section 11 of assets
Part C – Information on the Consolidated Income Statement, Section 21

As of 31 December 2023, the line item 110 b) "Deferred tax assets" included Deferred Tax Assets (hereinafter also "DTAs") for an amount equal to Euro 1,410 million, of which Euro 805 million represented by tax assets which are not convertible pursuant to Law 214/2011.

The directors carry out the periodic assessment of the recoverability of the DTAs through the performance of the probability test aimed at verifying, in accordance with IAS 12 "Income Taxes", the availability of sufficient future taxable income, also in consideration of the different entities of the Crédit Agricole Italia Group's participation in the tax consolidation regime of the Crédit Agricole S.A. Group in Italy.

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

For the reasons set out above, we considered the recoverability of the "non-convertible" deferred tax assets pursuant to Law 214/2011 to be a key audit matter of the consolidated financial statements as of 31 December 2023.

During the performance of our audit, we considered the internal control system relevant to the preparation of the consolidated financial statements.
In particular, in order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts:

- understanding and evaluating the process and methodology adopted by the directors to perform the probability test;
- verifying the consistency of the methodology adopted with the requirements of IAS 12, taking also into consideration the professional practice, as well as the communications and recommendations of the Supervisory Authorities;
- assessing the reasonableness of the main qualitative and quantitative assumptions adopted for preparing the probability test based on the applicable tax framework;
- verifying the consistency of the income flows behind the probability test with those used in other relevant valuation processes;
- verifying the accuracy of the mathematical calculations underlying the probability test and their correctness;
- evaluating the results of the sensitivity analyses carried out by the directors on the recoverability of the DTAs when the parameters adopted change;
- verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the

requirements of international accounting standards and the applicable regulatory framework, as well as the communications and recommendations issued by the Supervisory Authorities.

Valuation of performing loans to customers measured at amortized cost

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

As of 31 December 2023, performing loans to customers (Stage 1 and 2) amounted to Euro 62,967 million representing 91 per cent of line item "*40 b) Financial assets measured at amortized cost – loans to customers*", and corresponding to 67 per cent of total assets of the consolidated financial statements.

Net losses for credit risk on these loans recognised during the year amounted to Euro 45.1 million and are the best estimate made by the directors in order to recognise the expected credit losses (ECL) related to the customer loan portfolio at the consolidated balance sheet date, based on applicable accounting standards.

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

For the current year, these estimation processes were affected by some methodological updates

During the performance of our audit, we considered the internal control system relevant to the preparation of the consolidated financial statements.
In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts:

- analysing the adequacy of the IT environment and verifying the operational effectiveness of the relevant controls governing the IT systems and applications used by the Group for loan assessment purposes;
- understanding and evaluating the design of relevant controls in the areas of loan monitoring, classification and evaluation and verifying the operational effectiveness of such controls;
- procedures of comparative analysis of the performing loans to customers and of the related hedging indices, including by comparison with the previous periods' figures and with sector information;
- understanding and verifying the appropriateness of the policies, procedures and models used, as well as the updates, for measuring SICR, staging and determining ECL;
- understanding and verifying the methods to determine the main estimation parameters used in the models for calculating the ECL, in light also of the refinements and updates introduced during the year. In particular, we verified the reasonableness of the estimates made by the directors in defining the expected macroeconomic scenarios, as well as the post-model adjustments applied and related reasonableness;

compared to the previous year.
In particular, in addition to the ordinary process of updating the input data and refining the risk parameters, the Group, in agreement with the parent company Crédit Agricole S.A., also introduced additional qualitative criteria of allocation to the different stages and post-model adjustments. All this was considered necessary in order to improve the predictive capacity of the models in use, to factor in the uncertainties of the macro-economic context, as well as to factor in certain additional risk elements that were not adequately captured by the models currently used.

In view of the significance of the book value, as well as the complexity of the processes and methodologies adopted, and taking also into account the refinements and updates made to the criteria and methods used during the year, we considered the valuation of performing loans to customers measured at amortized cost to be a key audit matter of the consolidated financial statements as of 31 December 2023.

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

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

Notes to the consolidated financial statements
Part A – Accounting policies
Part B – Information on the Consolidated Balance Sheet, Section 4 of assets
Part C – Information of the Consolidated Income Statement, Section 8
Part E - Information on risks and relative hedging policies – Section 1

As of 31 December 2023, non-performing loans to customers (stage 3) showed a balance of Euro 1,053 million corresponding to 1.5 per cent of line item "*40 b) Financial assets measured at amortized cost – loans to customers*".

Net losses for credit risk on these loans recognised during the year amounted to Euro 242.2 million and represent the best estimate

During the performance of our audit, we considered the internal control system relevant to the preparation of the consolidated financial statements. In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts:

- analysis of the adequacy of the IT environment and verification of the operational effectiveness of the relevant controls governing the IT systems and applications used for loan assessment purposes;
- understanding and evaluating the design of relevant controls in the area of loan monitoring, classification and evaluation and verifying the operational effectiveness of such

made by the directors in order to adjust the expected losses relating to the loan portfolio at the consolidated reporting date on the basis of the applicable accounting standards. The estimation processes and valuation methods are characterised by high complexity and a high degree of professional judgement requiring the estimate of numerous variables; the use of significant assumptions is particularly relevant to the estimation of expected future cash flows, their timing and the realisable value of collaterals, if any. In view of the significance of the book value of non-performing loans, the complexity of the processes and methodologies adopted and taking into account the high subjectivity of the assumptions and hypotheses, we considered the valuation of the loans at issue to be a key audit matter of the consolidated financial statements as of 31 December 2023.	controls; • understanding and verifying the appropriateness of the valuation policies adopted by the Group; • procedures of comparative analysis of loans to customers and related hedging indices, including by comparison with the previous periods' figures and with sector information; • verifying, on a sample basis, the reasonableness of classification of the selected positions under non-performing loans, based on information regarding the debtor status and other available evidence, including external evidence. Additionally, analyses were carried out on the assumptions made with particular reference to the identification and quantification of future cash flows expected from recovery activities and the valuation of the guarantees covering such exposures; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the requirements of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the parent company Crédit Agricole Italia SpA or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

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

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

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

On 28 April 2021, the shareholders of Crédit Agricole Italia SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

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

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Crédit Agricole Italia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Crédit Agricole Italia Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Crédit Agricole Italia Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Crédit Agricole Italia Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Crédit Agricole Italia SpA are responsible for the preparation, on a voluntary basis, of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 5 April 2024

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets		31 Dec. 2023	31 Dec. 2022
10.	Cash and cash equivalents	10,383,650	2,876,381
20.	Financial assets measured at fair value through profit or loss	351,517	518,711
	a) financial assets held for trading;	198,491	331,982
	c) other financial assets mandatorily measured at fair value	153,026	186,729
30.	Financial assets measured at fair value through other comprehensive income	3,868,730	3,520,018
40.	Financial assets measured at amortized cost	71,765,202	81,519,206
	a) due from banks	2,331,699	5,523,611
	b) Loans to customers	69,433,503	75,995,595
50.	Hedging derivatives	863,647	1,318,646
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-328,603	-607,953
70.	Equity investments	25,803	33,197
90.	Property, Plant and Equipment	1,155,920	1,262,134
100.	Intangible assets	1,583,307	1,593,231
	- of which goodwill	1,315,925	1,315,925
110.	Tax assets	2,029,131	2,764,573
	a) current	619,130	1,070,187
	b) deferred	1,410,001	1,694,386
120.	Non-current assets held for sale and discontinued operations	9,104	2,283
130.	Other assets	2,515,010	1,852,948
Total assets		**94,222,418**	**96,653,375**

Liabilities and Equity		31 Dec. 2023	31 Dec. 2022
10.	Financial liabilities measured at amortized cost	81,770,827	83,708,908
	a) Due to banks	5,290,239	11,164,887
	b) Due to Customers	61,888,930	62,145,427
	c) Debt securities issued	14,591,658	10,398,594
20.	Financial liabilities held for trading	198,241	329,049
40.	Hedging derivatives	2,139,540	3,815,534
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-791,351	-1,491,822
60.	Tax liabilities	278,173	313,626
	a) current	228,442	248,361
	b) deferred	49,731	65,265
80.	Other liabilities	1,922,521	1,582,298
90.	Employee severance benefits	90,428	98,817
100.	Provisions for risks and charges	584,343	584,939
	a) commitments and guarantees given	80,428	73,904
	b) post-employment and similar obligations	30,643	24,020
	c) other provisions for risks and charges	473,272	487,015
120.	Valuation reserves	-59,504	-54,906
140.	Equity instruments	815,000	815,000
150.	Reserves	1,943,605	1,772,120
160.	Share premium reserve	3,495,378	3,496,073
170.	Capital	1,102,071	1,102,071
180.	Treasury shares (+/-)	-6	-
190.	Minority interests (+/-)	24,967	23,074
200.	Profit (Loss) for the period	708,185	558,594
Total liabilities and equity		**94,222,418**	**96,653,375**

CONSOLIDATED INCOME STATEMENT

Items		31 Dec. 2023	31 Dec. 2022
10.	Interest and similar income	3,217,049	1,383,343
	Of which: interest income calculated with the effective interest method	3,210,476	1,322,882
20.	Interest and similar expense	(1,471,487)	(81,851)
30.	**Net interest income**	**1,745,562**	**1,301,492**
40.	Fee and commission income	1,269,836	1,271,420
50.	Fee and commission expense	(50,433)	(49,647)
60.	**Net fee and commission income**	**1,219,403**	**1,221,773**
70.	Dividends and similar income	12,667	13,356
80.	Net profit (loss) on trading activities	14,681	27,838
90.	Net profit (loss) on hedging activities	(8,897)	(10,306)
100.	Profit (losses) on disposal or repurchase of:	97,513	44,750
	a) financial assets measured at amortized cost	73,176	20,949
	b) financial assets measured at fair value through other comprehensive income	26,007	14,744
	c) financial liabilities	(1,670)	9,057
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	2,566	(11,116)
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	2,566	(11,116)
120.	**Net interest and other banking income**	**3,083,495**	**2,587,787**
130.	Net losses/recoveries for credit risk on:	(287,768)	(288,982)
	a) financial assets measured at amortized cost	(286,167)	(285,280)
	b) financial assets measured at fair value through other comprehensive income	(1,601)	(3,702)
140.	Profits/Losses on contract modifications without derecognition	(7,495)	(694)
150.	**Net financial income (loss)**	**2,788,232**	**2,298,111**
160.	Net premium income	-	-
170.	Other net insurance income/expenses	-	-
180.	**Net financial and insurance income (loss)**	**2,788,232**	**2,298,111**
190.	Administrative expenses:	(1,902,570)	(1,818,231)
	a) personnel expenses	(1,017,173)	(965,600)
	b) other administrative expenses	(885,397)	(852,631)
200.	Net provisions for risks and charges	(45,351)	(29,290)
	a) commitments and guarantees given	(6,528)	(12,089)
	b) other net provisions	(38,823)	(17,201)
210.	Net adjustments to/recoveries on property, plant and equipment	(126,214)	(112,978)
220.	Net adjustments to//recoveries on intangible assets	(94,074)	(99,867)
230.	Other operating expenses/income	385,262	332,903
240.	**Operating costs**	**(1,782,947)**	**(1,727,463)**
250.	Gains (losses) on equity investments	4,147	9,102
260.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	(402)	(810)
270.	Goodwill impairment	-	-
280.	Profits (losses) on disposals of investments	3,056	1,931
290.	**Profit (Loss) before tax from continuing operations**	**1,012,086**	**580,871**
300.	Taxes on income from continuing operations	(302,159)	(20,803)
310.	**Profit (Loss) after tax from continuing operations**	**709,927**	**560,068**
320.	Profit (Loss) after tax from discontinued operations	-	-
330.	**Profit (Loss) for the period**	**709,927**	**560,068**
340.	Profit (loss) for the period attributable to minority interests	(1,742)	(1,474)
350.	**Profit (Loss) for the period attributable to the Parent Company**	**708,185**	**558,594**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2023	31 Dec. 2022
10.	**Profit (Loss) for the period**	**709,927**	**560,068**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	(9,741)	8,068
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	(5,726)	15,576
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured using the equity method	(19)	12
100.	Financial revenues or costs relating to insurance contracts issued	-	-
	Other comprehensive income after tax reclassified to profit or loss		
110.	Hedges of investments in foreign operations	-	-
120.	Foreign exchange differences	-	-
130.	Cash flow hedges	-	-
140.	Hedging instruments (non-designated elements)	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	10,887	(22,317)
160.	Non-current assets held for sale and discontinued operations	-	
170.	Share of valuation reserves on equity investments measured with the equity method:	-	-
180.	Financial revenues or costs relating to insurance contracts issued	-	-
190.	Financial revenues or costs relating to reinsurance cessions	-	-
200.	Total other comprehensive income after taxes	(4,599)	1,339
210.	**Comprehensive income (Item 10+200)**	**705,328**	**561,407**
220.	Consolidated comprehensive income attributable to Minority Interests	1,741	1,481
230.	**Consolidated comprehensive income attributable to the Parent Company**	**703,587**	**559,926**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2023

	Capital: ordinary shares	Share premium reserve	Reserves:		Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) for the period	Equity
			Retained earnings reserves	other					
GROUP SHAREHOLDERS' EQUITY AS AT 31 DEC. 2022	1,102,071	3,496,073	1,786,114	-13,994	-54,906	815,000	-	558,594	7,688,952
MINORITY INTEREST AS AT 31 DEC. 2022	20,457	2,763	-4,537	2,939	-22		-	1,474	23,074
CHANGE TO OPENING BALANCES	-	-	-	-	-	-	-	-	-
GROUP SHAREHOLDERS' EQUITY AS AT 1 JAN. 2023	1,102,071	3,496,073	1,786,114	-13,994	-54,906	815,000	-	558,594	7,688,952
MINORITY INTERESTS AS AT 1 JAN. 2023	20,457	2,763	-4,537	2,939	-22	-	-	1,474	23,074
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	257,884	-	-	-	-	-257,884	-
Dividends and other allocations	-	-	-	-	-	-	-	-302,184	-302,184
CHANGES IN THE PERIOD									
Change in reserves	-	-	204	-	-	-	-	-	204
Transactions on equity	-	-	-	-	-	-	-	-	-
Issue of new shares	-	-695	-	-	-	-	-	-	-695
Purchase of treasury shares	-	-	-	-	-	-	-6	-	-6
Change in equity instruments	-	-	-85,511	-	-	-	-	-	-85,511
Charity	-	-	-	-	-	-	-	-	-
Consolidation adjustments	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	378	-	-	-	-	-	378
Changes in equity interests	12	138	6	-	-	-	-	-	156
Comprehensive income	-	-	-	-	-4,599	-	-	709,927	705,328
GROUP SHAREHOLDERS' EQUITY AS AT 31 DEC. 2023	**1,102,071**	**3,495,378**	**1,957,599**	**-13,994**	**-59,504**	**815,000**	**-6**	**708,185**	**8,004,729**
MINORITY INTEREST AS AT 31 DEC. 2023	**20,469**	**2,901**	**-3,061**	**2,939**	**-23**	**-**	**-**	**1,742**	**24,967**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 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	-	-	-	-	-	-	-	-	-
EQUITY GROUP SHARE 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. 2022	19,156	4,805	-5,142	2,939	-51	-	-	929	22,636
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	608,372	-	-	-	-	-608,372	-
Dividends and other allocations	-	-	-166,000	-	-	-	-	-	-166,000
CHANGES IN THE PERIOD									
Change in reserves	-	-	-10,102	-416,897	-	-	-	-	-426,999
Transactions on equity									
Issues of new shares	124,614	377,386	-	-	-	-	-	-	502,000
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-59,189	-	-	-	-	-	-59,189
Charity	-	-	-	-	-	-	-	-	-
Consolidation adjustments	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	135	-	-	-	-	135
Changes in equity interests	-525	-1,502	-8,829	-	9,997	-	-	-	-859
Comprehensive income	-	-	-	-	1,339	-	-	560,068	561,407
EQUITY GROUP SHARE AS AT 31 DEC. 2022	1,102,071	3,496,073	1,786,114	-13,994	-54,906	815,000	-	558,594	7,688,952
MINORITY INTEREST AS AT 31 DEC. 2022	20,457	2,763	-4,537	2,939	-22	-	-	1,474	23,074

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 Dec. 2023	31 Dec. 2022
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**2,077,245**	**816,357**
- profit (loss) for the period (+/-)	708,185	558,594
- Gains/losses on financial assets held for trading and on financial assets/ liabilities measured at fair value through profit or loss(-/+)	526	-6,436
- Gains/losses on hedging activities (-/+)	-181	4,958
- Net adjustments/recoveries for credit risk (+/-)	263,182	278,761
- Net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	220,288	212,845
- Net provisioning for risks and charges and other costs/revenues (+/-)	45,351	29,290
- taxes, levies and tax credits not settled (+)	302,159	20,803
- net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
- Other adjustments (+/-)	537,735	-282,458
2. Cash flow generated/absorbed by financial assets	**9,822,171**	**7,361,350**
- Financial assets held for trading	132,965	-254,768
- Financial assets designated at fair value	-	-
- Financial assets mandatorily measured at fair value	33,703	13,827
- financial assets measured at fair value through other comprehensive income	-277,187	442,448
- Financial assets measured at amortized cost	9,482,967	10,422,461
- Other assets	449,723	-3,262,618
3. Cash flow generated/absorbed by financial liabilities	**-3,938,826**	**-5,999,913**
- Financial liabilities measured at amortized cost	-2,404,059	-8,386,183
- Financial liabilities held for trading	-130,808	254,007
- Financial liabilities designated at fair value	-	-
- Other liabilities	-1,403,959	2,132,263
Net cash flow generated/absorbed by operating activities	**7,960,590**	**2,177,794**
B. INVESTING ACTIVITIES		
1. Cash flow generated by:	**41,896**	**86,871**
- sales of equity investments	15,433	63,765
- dividend received on equity investments	12,667	13,356
- sales of property, plant and equipment	13,796	9,750
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flow absorbed by:	**-106,971**	**-92,028**
- purchases of equity investments	-4,680	-14
- purchases of property, plant and equipment	-22,899	-26,765
- purchases of intangible assets	-79,392	-65,249
- purchases of business units	-	-
Net cash flow generated/absorbed by investing activities	**-65,075**	**-5,157**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-701	83,276
- issues/purchases of equity instruments	-85,511	-59,189
- distribution of dividends and other	-302,184	-166,000
- sale/purchase of ownership interests without loss or acquisition of control over the investee	150	-
Net cash flows generated/absorbed by funding activities	**-388,246**	**-141,913**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**7,507,269**	**2,030,724**

RECONCILIATION

Financial Statement items	31 Dec. 2023	31 Dec. 2022
Opening cash and cash equivalents	2,876,381	845,657
Net increase/decrease in cash and cash equivalents for the period	7,507,269	2,030,724
Closing cash and cash equivalents	**10,383,650**	**2,876,381**

Key:
(+) generated
(-) absorbed

Consistently with the amendment to IAS 7, adopted with Commission Regulation (EU) 2017/1990 of 6 November 2017, to be applied as from the commencement date of the first financial year starting on or after 1 January 2017, the disclosures required by paragraph 44 B in order to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

	31 Dec. 2022	Changes from cash flows generated by financing activities	Changes from obtaining or losing control of subsidiaries or other businesses	Fair value changes	Other changes	31 Dec. 2023
Liabilities arising from financing activities (items 10, 20 and 30 of Liabilities)	84,037,957	-2,409,270		340,381	-	81,969,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1 GENERAL PART

Section 1 – Statement of compliance with IAS/IFRS

The consolidated Financial Statements of the Crédit Agricole Italia Banking Group (hereinafter referred to also as the "Group") have been prepared pursuant to Italian Legislative Decree no. 38 of 28 February 2005, in accordance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.

Therefore, the IAS/IFRS in force as at 31 December 2023 (including the interpretations documents called SIC and IFRIC) have been applied, as endorsed by the European Commission and listed in detail in the specific table in an annex to these Financial Statements.

The financial statements and the content of the Notes to the Financial Statements have been prepared in compliance with Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005, issued by the Bank of Italy in the exercise of its powers under Article 9 of Italian Legislative Decree no. 38/2005 and based on the subsequent updates, with the latest one being the 18th update of 17 November 2022.

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

In compliance with IAS 8, the table below reports the new international accounting standards or the amendments to standards already in force, along with the Regulations endorsing them, that shall mandatorily be applied for reporting periods starting on or after 1 January 2023.

Standards, amendments or interpretations	Publication date	Date of first application
IFRS 17 Insurance Contracts (including Amendments to IFRS 17) (Not applicable by the Crédit Agricole Italia Banking Group as the Group is solely a distributor of insurance products)	23 November 2021 (EU 2021/2036)	1 January 2023
Amendments to IAS 1 - Presentation of Financial Statements **Amendments to IAS 8** - Accounting policies, Changes in Accounting Estimates and Errors Those amendments clarify the differences between accounting policies and accounting estimates to ensure further consistent application of accounting standards and comparability of financial statements.	03 March 2022 (EU 2022/357)	1 January 2023
Amendments to IFRS 17 The amendment to the transition requirements in IFRS 17 allows companies to overcome one-time classification differences of comparative information of the previous reporting period upon initial application of IFRS 17 and IFRS 9 Financial Instruments. (Not applicable by the Crédit Agricole Italia Banking Group)	09 September 2022 (EU 2022/1491)	1 January 2023
Amendments to IAS 12 - Income Taxes Those amendments clarify how companies are to account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in the reporting of deferred tax assets and liabilities on leases and decommissioning obligation	12 August 2022 (EU 2022/1392)	1 January 2023
Amendments to IFRS 17 The Regulation governs the exemption of intergenerationally mutualised and cash flow matched contracts from the annual cohort requirement of International Financial Reporting Standard 17 - Insurance contracts (IFRS 17), (Not applicable by the Crédit Agricole Italia Banking Group)	13 September 2023 (EU 2023/1803)	1 January 2023
Amendments to IAS 12 - Income Taxes The amendments introduced a temporary exception from accounting for deferred taxes arising from the implementation of the OECD's Pillar Two model rules, as well as targeted disclosures for affected entities	09 November 2023 (EU 2023/2468)	1 January 2023

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

PILLAR II – GLOBE

The OECD has laid down new rules for a coordinated system of taxation that imposes a top-up tax on profits of large multinational enterprises when the effective tax rate (ETR) in force in a jurisdiction in which they are based is below 15%. The purpose of these rules is to eliminate the need for countries to offer very low tax rates in order to compete for inbound investment.

These rules will have to be implemented by the various States.

In the EU a Directive was adopted at the end of 2022 (Council Directive (EU) 2022/2523), currently being transposed by the various Member States, which provides for the GloBE rules to be applied in the EU as of 2024.

The Directive has been transposed in France, as well as in Italy, with Italian Legislative Decree no. 209 of 27 December 2023.

For the time being, based on a first calculation made by the Crédit Agricole Group, the estimated amounts for the Group are not significant; therefore, the mapping work, which started within the Crédit Agricole Group, continues. If necessary, this will entail the recognition by the Group of a GloBE top-up tax due in 2024.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION BUT NOT YET ENTERED INTO FORCE

The table below shows the international accounting standards and the international financial reporting standards that, as at 31 December 2023, had been endorsed by the European Union but had not yet entered into force and, therefore, were not applicable to the Group's consolidated financial statements.

Standards, amendments or interpretations	Date of publication	Date of first application
Amendment IFRS16 - Lease Liability in a Sale and Leaseback The **amendments** require that, in applying the requirements for the measurement of lease liabilities in a sale and leaseback transaction with variable lease payments, the seller-lessee shall determine "lease payments" in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains	21 November 2023 (EU 2023/2579)	1 January 2024
Amendment IAS1 Non-current liabilities with covenants The amendments improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants.	21 November 2023 (EU 2023/2822)	1 January 2024

INTERNATIONAL ACCOUNTING STANDARDS NOT YET ENDORSED BY THE EUROPEAN UNION

The standards and interpretations that had been published by the IASB but had not yet been endorsed by the European Union are not applicable by the Group.

Document title	Issued by IASB on	Date of entry into force of the IASB document	Expected date of endorsement by the EU
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – The amendment specifies how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not	15 August 2024	01 January 2025	TBD
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements – The amendments clarify the disclosure requirements to enhance the transparency of supplier finance arrangements	25 May 2024	01 January 2024	TBD

Section 2 – General preparation principles

The Annual Report and Consolidated Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements, as well as of the Management Report on the performance of operations, on the profits (losses) made and on the Group's financial and cash flow position.

The financial statements and the content of the Notes to the Financial Statements have been prepared in accordance with the Bank of Italy Circular no. 262 of 22 December 2005 "Banks' financial statements: layouts and preparation".

It is pointed out that, on 17 November 2022, the 8th update to the aforementioned circular was published to implement the new IFRS 17 Insurance contracts and the consequent amendments introduced and other international financial reporting standards, including IAS 1 Presentation of Financial Statements and IFRS 7 Financial instruments: additional disclosures.

The 8th update, which consists in a full revision of the Circular, shall apply to financial statements for reporting periods closed or underway on 31 December 2023. No significant impacts are expected, as the major amendments concerned the application of IFRS17, which is not applicable by the Crédit Agricole Italia Banking Group.

In addition to the book figures as at 31 December 2023, the financial statements report the comparative figures from the latest approved financial statements as at 31 December 2022.

In accordance with Article 5 of Italian Legislative Decree No. 38/2005, the Euro has been used as the reporting currency.

The amounts in the Financial Statements, in the Notes to the Financial Statements and in the Management Report are expressed in thousands of Euro, where not otherwise specified.

This information is set out at the bottom of the relevant tables in Section B and Section E - Credit Risk of the Notes to the Financial Statements.

The consolidated financial statements have been prepared pursuing clarity and give a true and correct representation of the financial and cash flow situation and of the profit or loss for the period of Crédit Agricole Italia S.p.A. and its subsidiaries, as exhaustively described in Section 3 "Consolidation scope and methods". The financial statements used to prepare the consolidated financial statements are those prepared by the subsidiaries as at 31 December 2023, adjusted, where necessary, in order to align them to the accounting standards used by the Group.

The Annual Report and Financial Statements have been prepared in compliance with the general presentation principles set down by IAS 1 and with the specific accounting standards endorsed by the European Commission and reported in Part A.2 of this Note.

No exceptions were made in applying the IASs/IFRSs.

Furthermore, these financial statements have been prepared in compliance with the communications and interpretation documents issued by the various Italian and EU regulators and supervisory authorities[26].

Communication of 14 March 2023 - Update of the provisions laid down by Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the impacts of the COVID-19 pandemic and of the measures to support the economy.

The communication, which repeals and replaces the previous one published on 21 December 2021, has updated the provisions governing banks' financial statements as regards the information provided to the market on the effects that the COVID-19 pandemic and the measures to support the economy generated on the strategies, objectives and risk management policies, as well as on the profitability and financial situation of intermediaries.

The update was due to the changed pandemic scenario, as, in 2022 the volumes of loans under moratoria progressively decreased, whereas the volume of loans backed by COVID-19-related State guarantee remained material and, for these loans, after a preamortization period, repayment started at the end of 2022. Therefore, the update eliminated the requirement to report information in the financial statements concerning loans under moratoria. This information is set out at the bottom of the relevant tables in Section B and Section E - Credit Risk of the Notes to the Financial Statements.

ENVIRONMENTAL AND CLIMATE-RELATED ASPECTS AND ACCOUNTING IMPACTS

Environmental and climate-related risks and the related impacts for the Group are disclosed here below, in accordance with the recommendations given by ESMA in its public statement of 25 October 2023 by "European common enforcement priorities for 2023 annual financial reports". Having regard to the management of the ESG factors by the Group, please refer to the paragraphs on the different activities implemented by the Group in the Management Report and in the Notes to the Financial Statements, as well as to the information given in the Group's Consolidated Non-Financial Statement. Taking into account environmental and climate-related aspects is an important focus in the strategy pursued by the Group, able to have effects on operating activities, objectives and the approaches to do business, being aware that the Group can play a leading role in the action against climate changes.

The problems associated with ESG factors and their implications on the financial reporting estimates are not explicitly addressed by the IAS/IFRS. Nonetheless, these factors shall be considered to the extent

26 Specific reference is made to the following:
ESMA: public statement of 25 October 2023 "European Common Enforcement Priorities for 2023 Annual Financial Reports",t he public statement of 13 May 2022 "Implications of Russià s invasion of Ukraine on half-yearly financial reports", ESMA public statements of 29 October 2021 "European Common Enforcement Priorities for 2021 Annual Financial Reports"and of 28 October 2022 "European Common Enforcement Priorities for 2022 Annual Financial Reports".

their impact on the financial statements is believed to material, in accordance with document "Effects of climate-related matters on financial statements", published by the IFRS Foundation in 2020 and containing educational material on how climate-related risks may affect the measurement of financial statement items, including financial assets and liabilities. Although ESG factors – and specifically climate-related risks – may, in theory, generate pervasive impacts on several financial reporting aspects considering the Group's operations, to date no pervasive impacts on the estimates of financial assets and liabilities or other financial statement items have been identified.

Going concern basis

The Annual Report and Consolidated Financial Statements as at 31 December 2023 have been prepared on a going-concern basis, as the Group is believed to continue in operation in the foreseeable future.

Having regard to the disclosure required by IFRS 7 of the risks the Group is exposed to, appropriate information is given in the Management Report and in the Notes to the Financial Statements.

The Notes to the Financial Statements also reports the verifications that were carried out in order to assess any impairment of financial assets and intangible assets (including goodwill).

USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

To prepare the Annual Report and Consolidated Financial Statements, estimates and assumptions must be made, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities reported.

Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments.

By their very nature, the estimates and assumptions used may vary from one period to another. Therefore, it cannot be ruled out that the recognized values for this reporting period may vary, even to a significant extent, in future periods, subsequent to any changes in the subjective assessments used. The economic effects generated by the uncertainties in the macroeconomic scenario, affected especially by the wars between Russia and Ukraine and in the Middle East, require thorough analysis and consideration of the new economic context in the models to measure the recoverable amount of the Group's assets. Therefore, those estimates and assessments entail unavoidable elements of uncertainty.

The main instances that require the use of subjective assessments to be made by the Senior Management are the following:
- Quantifying losses resulting from the impairment of loans and of other financial assets in general;
- Using measurement models for the recognition of the *fair value* of financial instruments not listed on active markets;
- Using measurement models for equity investments;
- Assessing the consistency of the value of goodwill and of the other intangible assets and property, plant and equipment;
- The quantification of the provisions for risks and charges, provisions for personnel and obligations concerning employees' benefits;
- Estimating the recoverability of deferred tax assets;
- Calculating the fair value of financial instruments to be used for financial reporting purposes.

The description of the accounting policies applied to the main aggregates reported in the financial statements provides detailed information on the major assumptions made and subjective assessments used in preparing the financial statements.

IMPACTS GENERATED BY THE RUSSIA-UKRAINE WAR AND BY THE WAR IN THE MIDDLE EAST

The geopolitical tensions underway as at the date of preparation of the 2023 annual report and financial statements, resulting from the Russia-Ukraine war and the war that broke out in the Middle East, have generated new challenges and uncertainties in the macroeconomic scenario, increasing the risk of limited profitability. From and forward-looking standpoint, those uncertainties may entail that financial statement items need to be revised, based on new information available, which however cannot at present be foreseen. It is pointed out that, to date, direct exposures to Russia and Ukraine are next to zero and there are no direct exposures to the Middle East.

CONTENTS OF THE FINANCIAL STATEMENTS

As described at the beginning of the Section, the financial statements and the content of the Notes to the Financial Statements have been prepared in compliance with the Bank of Italy Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005 as amended, especially its 8th update issued on 17 November 2022 and applicable to financial statements closed or underway as at 31 December 2023.

That update, which consists in a full revision of Circular no. 262, was issued to implement the new IFRS 17 Insurance contracts and the consequent amendments introduced and other international financial reporting standards, including IAS 1 Presentation of Financial Statements and IFRS 7 Financial instruments: additional disclosures. As the new IFRS17 is not applicable by the Crédit Agricole Italia Banking Group, which is solely a distributor of insurance products, no impacts are expected.

The supplements to Circular no. 262 have also been complied with and specifically, the communication of 14 March 2023 Update of Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the COVID-19 impacts and the measures to support the economy, has repealed and replaced the previous one of 21 December 2021 and has updated the provisions on banks' financial statements as regards the information to the market on the effects that COVID-19 and the measure to support the economy produced on the strategies, objectives and risk management policies, as well as on the profit and loss and financial situation of intermediaries.

The Bank of Italy has eliminated the financial reporting information on loans under moratoria, whereas the information on loans backed by public guarantees is still required, in a free format, at the bottom of some tables of the sections of the Notes to the Financial Statements about the balance sheet and credit risk.

The new provision shall apply to financial statements closed or underway as at 31 December 2023.

Balance Sheet and Income Statement

The Balance Sheet and Income Statement contain items, sub-items and further information (the "of which" for items and sub-items) and comply with the templates supplied by the Bank of Italy with Circular No. 262 of 22 December 2005, as updated.

In the Income Statement, revenues are set forth without a sign, while expense figures are set forth in parenthesis.

Statement of Comprehensive Income

The Statement of Comprehensive Income consists of items presenting the changes in the value of the assets recognized in the year offsetting the valuation reserves, net of the related tax effect.

The Statement of Comprehensive Income contains also the items with no amounts for the reporting year, and with no amounts for the previous year.

Negative amounts are set forth in parenthesis.

Statement of Changes in Equity

In order to facilitate understanding of the figures, the rows and columns of the Statement of Changes in Equity were inverted with respect to the same statement layout provided for by the above Bank of Italy Circular No. 262/2005. The statement reports the composition of and changes in the equity accounts occurred in reporting period of the consolidated financial statements and in the previous one, broken down into share capital (ordinary shares and savings shares), capital reserves and retained earnings, comprehensive income and profit or loss.

The value of treasury shares is deducted from equity.

No equity instruments other than ordinary shares have been issued.

Statement of Cash Flows

The statements of cash flows for the reporting period of the consolidated financial statements and for the previous one were prepared using the indirect method, based on which cash flows from operating activities are represented by the profit or loss for the year, adjusted for the effects of non-monetary transactions.

Cash flows are broken down into flows generated by operating activities, investment activities and funding activities.

In the Statement, cash flows generated in the period are reported without sign, while those absorbed are reported with a negative sign.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

The Note to the Consolidated Financial Statements contains the information required by Bank of Italy Circular no. 262/2005, with its updates and specifications already applicable, as well as further information required by IAS/IFRS.

In the tables relating to the Income statement items, revenues are set forth without a sign, whereas expense figures are set forth in parenthesis.

Section 3 – Scope and methods of consolidation

SCOPE OF CONSOLIDATION

In addition to the Parent Company, Crédit Agricole Italia S.p.A., the consolidation perimeter includes its subsidiaries, joint arrangements and associates specified below.

In accordance with IFRS 10, Subsidiaries are companies in which Crédit Agricole Italia S.p.A., directly or indirectly, holds at the same time:

- The power to influence the Investee's relevant activities, i.e. the activities that significantly affect the investee's returns;
- Exposure and/or rights to variable returns of the Investee;
- The ability to exercise its power over the Investee to affect the amount of its returns.

The companies in which Crédit Agricole Italia S.p.A., directly or indirectly, holds over 50% of the rights to vote in the General Meeting of Shareholders are considered subsidiaries. Control exists also where the Group, even though not holding the majority of the voting rights, has sufficient rights to unilaterally manage and direct the investee's relevant activities or where it holds:

- Substantial potential voting rights through underlying call options or convertible instruments;
- Rights that result from contractual agreements and that, combined with its voting rights, make the Group actually able to manage and direct production processes, other management or financial activities, i.e. activities that significantly affect the investee's returns;
- Power to affect, under the investee's articles of association or other agreements, its governance and decision-making processes concerning relevant activities;
- The majority of voting rights under formally executed agreements with other holders of voting rights (for example, voting agreements and shareholders' agreements).

Special-purpose entities/special-purpose vehicles (SPE/SPV) have also been included, when the requirements are met, also irrespective of the existence of a majority shareholding.

In accordance with IFRS 11. joint arrangements are arrangements of which two or more parties share control under contractual or other agreements which require unanimous consent of all the parties sharing control in order for material financial and management decisions to be made. In assessing whether an entity has joint control of an arrangement, an entity shall assess first whether all the parties, or a group of the parties, control the arrangement. When all the parties, or a group of the parties, considered collectively, are able to direct the activities that significantly affect the returns of the arrangement (ie the relevant activities), the parties control the arrangement collectively. After concluding that all the parties, or a group of the parties, control the arrangement collectively, an entity shall assess whether it has joint control of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. The requirement for unanimous consent means that any party with joint control of the arrangement can prevent any of the other parties, or a group of the parties, from making unilateral decisions (about the relevant activities)without its consent.

In accordance with IAS 28, associates, i.e. subject to significant influence, are companies in which Crédit Agricole Italia holds, directly or indirectly, at least 20% of the voting rights or has the power to participate in determining the financial and operating policies of the Investee, despite holding less than 20% of the voting rights, due to specific legal ties such as being party to shareholders' voting agreements. Likewise, despite holding at least a 20% equity investment, significant influence may not be exercised due to legal ties, voting agreements or other relevant elements that affect the entity's governance.

Changes in the consolidation scope occurred in 2023

The main changes in the consolidation scope vs. 31 December 2022 resulted from:

- Acquisition, on 19 April 2023, by Crédit Agricole Italian S.p.A. of an equity investment in the company BDX S.p.A. Amounting to 15% of its share capital, which has been classified under equity investments in entities subject to significant influence;
- Incorporation on 10 May 2023 of the company Le Village by CA delle Alpi società benefit S.r.l., based in Sondrio, a subsidiary of Crédit Agricole Italia S.p.A. which subscribed 76.56% of its share capital;
- Approval, on 23 June 2023, of the final liquidation financial statements of Sliders S.r.l. were approved; on 30 June 2023 the company was struck off the Business Register;
- Disposal of the equity investment in Generalfinance S.p.A. S.p.A., investee subject to significant influence, in June 2023;
- Incorporation, on 14 December 2023, of Blank S.p.A., with headquarters in Milan, with 49% of its share capital subscribed by Crédit Agricole Italia and classified under equity investments subject to significant influence.

The main transactions are described hereinafter, in paragraph "Equity investments portfolio" in section "Significant events in the reporting period" of the Management Report to the Consolidated Financial Statements.

CONSOLIDATION METHODS

As regards consolidation methods, subsidiaries, joint ventures and investees on which the Group exercises significant influence have been consolidated on a one-line basis in accordance with the equity method.

Full consolidation involves the line-by-line aggregation of the Balance Sheet and Income Statement items. After attributing the relevant portion of the equity and profits or losses to minority interests, under a separate dedicated item, the value of the equity investment is derecognized with the remaining value of the equity of the subsidiary as the balancing item. Positive differences resulting from this operation are reported under "Intangible assets" as goodwill or other intangible assets, after recognition – where any – under other asset and liability items of the subsidiary. Negative differences are taken to the Income Statement.

Business combinations are recognized using the acquisition method provided for by IFRS 3, applied starting from the date of acquisition, that is to say, from the moment in which control of the business is actually achieved In accordance with this method, the identifiable assets acquired and the identifiable liabilities taken (including contingent ones) shall be recognized at their respective fair values as at the acquisition date. After initial recognition of a contingent liability with the "acquisition method", the acquirer shall recognize a provision in the Income Statement if the liability fair value, determined in accordance with IAS37, is higher than the original fair value recognized at acquisition. Moreover, for each business combination, any minority interests in the acquired company are recognized proportionally to the minority interest in the identifiable net assets of the acquired company.

Profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of acquisition. Conversely, profit or losses of a subsidiary sold in the period are reported in the Consolidated Financial Statements up to the date on which control is transferred.

Consolidation using the equity method provides for initial recognition of the equity investment at cost and, subsequently, for its value adjustment based on the portion held of the investee's equity. Any differences between the value of the equity investment and the equity portion held are included in the book value of the investee. Any changes in the equity value occurred after the first-time adoption are recognized under item 250 of the consolidated Income Statement "Profit (Losses) on equity investments" to the extent those changes are attributable to profits or losses made by the investees, and directly in equity for the remaining part.

If any elements are found giving evidence of any possible impairment of the equity investment, its recoverable amount is estimated; if the recoverable amount is lower than the carrying amount, the difference is taken to the income statement.

The other main consolidation operations include:

- Adjustments needed to harmonize accounting standards within the Group;
- Elimination of dividends paid or declared by consolidated companies.

The data on equity investments have been taken from the 2023 annual reports and financial statements approved by the General Meetings of the investees' Shareholders or, where not available, the draft annual reports and financial statements approved by the investees' Boards of Directors. For equity investments in joint arrangements or in investees subject to significant influence, if that information is not available, the latest available balance sheets and income statements have been used.

Where necessary – and with the exception of marginal instances – any Financial Statements prepared by the consolidated companies on the basis of other accounting standards are adjusted to be fully compliant with the Group's accounting policies. In a few marginal instances, the companies do not apply the IASs/IFRSs and, therefore, for such companies it was assessed that application of the IASs/IFRSs would have caused no material effects on the Consolidated Financial Statements of the Crédit Agricole Italia Banking Group.

1. Equity investments in subsidiaries

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

- The name and headquarters
- The type of control;
- The capital shares owned, directly or through fiduciary companies or third parties, by the parent company and by each one of its subsidiaries;
- The percentage of voting rights in the ordinary general meeting of shareholders held in total by the investor, separately setting forth actual and potential ones.

Company name	Headquarters	Type of control[1]	Equity investment		Availability Actual % of votes available[2]
			Investor	% held	
A. Companies					
Parent Company					
Crédit Agricole Italia S.p.A.	Parma, Italy				
A1. Companies consolidated on a line-item basis					
1. Crédit Agricole Leasing Italia S.r.l.	Milan, Italy	1	Crédit Agricole Italia S.p.A.	85.00%	85.00%
2. Crédit Agricole Italia OBG S.r.l.	Milan, Italy	1	Crédit Agricole Italia S.p.A.	60.00%	60.00%
3. Credit Agricole Group Solutions S.c.p.a.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	97.83%	97.83%
			Crédit Agricole Leasing Italia S.r.l.	1.19%	1.19%
4. Crédit Agricole Real Estate Italia S.r.l.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
5. Agricola Le Cicogne S.r.l.	Faenza, Italy	1	Crédit Agricole Italia S.p.A.	50.01%	50.01%
6. San Piero Immobiliare Srl in liquidation	Cesena, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
7. San Giorgio Immobiliare S.r.l. in liquidation	Cesena, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
8. Le Village by CA Parma S.r.l.	Parma, Italy	1	Crédit Agricole Italia S.p.A.	66.67%	66.67%
9. Stelline Real Estate S.p.A.	Sondrio, Italy	1	Crédit Agricole Italia S.p.A.	100.00%	100.00%
10. Le Village by CA Triveneto S.r.l.	Padua, Italy	1	Crédit Agricole Italia S.p.A.	51.00%	51.00%
11. Le Village by CA delle Alpi società Benefit S.r.l.	Sondrio, Italy	1	Crédit Agricole Italia S.p.A.	76.56%	76.56%

Key:

(1) Type of control:
1 = Majority of the voting rights in the General Meeting of Shareholders.
2 = dominant influence in the ordinary General Meeting of Shareholders.
3 = agreement with other shareholders.
4 = other forms of control.
5 = unitary management pursuant to Article 39, paragraph 1, of Italian Legislative Decree 136/2015.
6 = unitary management pursuant to Article 39, paragraph 2, of Italian Legislative Decree 136/2015.

(2) Votes in the ordinary General Meeting separately setting froth actual and potential votes.

Joints arrangements and investees subject to significant influence

Versus the previous financial year, the scope of consolidation changed with the entry of BDX S.p.A. and Blank S.p.A. and the exit of Generalfinance S.p.A. Which took place in October 2023 following the disposal of all the shares held.

As regards joint arrangements and investees subject to significant influence, please see Part B of the Notes to the Financial Statements.

2. Significant considerations and assumptions to determine the scope of consolidation

As specified above, subsidiaries are companies regarding which Crédit Agricole Italia S.p.A. is the investor that is exposed to or has right to variable returns from its involvement with such investees and, at the same time, has the ability to affect those returns through its power over such investees.

Specifically, the Group takes the following factors into account to assess whether control is held:

- The investee's purpose and structure, in order to identify the entity's objectives, its relevant activities, i.e. the activities that significantly affect the investee's returns, and how such activities are directed;
- Power, in order to understand whether the Group has contractual rights giving the ability to direct the relevant activities;
- Exposure, or rights, to variable returns from its involvement with the investee, in order to assess whether the return received by the Group could potentially change based on the investee's performance.

In accordance with IFRS 10, "relevant activities" are only those activities that significantly affect the investee's returns.

In general terms, when relevant activities are directed through voting rights, the following factors give evidence of control:

- Holding, directly or indirectly through its subsidiaries, more than half of the voting rights of an investee, unless, in exceptional cases, it can be clearly proved that holding more than half of the voting rights does not amount to holding control;
- Holding half or less than half the voting rights that can be exercised at the general meeting and practical ability to direct the relevant activities unilaterally through:
  - Control over more than half of the voting rights through a contractual arrangement with other investors holding voting rights;
  - The power to determine the investee's operating and financing policies pursuant to the entity's articles of association or to a contract arrangement;
  - The power to appoint or remove the majority of the members of the board of directors or of the equivalent corporate governance body;
  - The power to exercise the majority of the voting rights at meetings of the board of directors or of the equivalent corporate governance body.

To have power over the investee the Group's rights on the investee must be substantial; in order for a right to be substantial, the holder must have the practical ability to exercise that right. The existence and effect of potential voting rights, if substantive, are taken into account in assessing whether the power to direct another entity's operating and financing policies is held.

Sometimes, the Group may have the "practical ability" to exercise control over some entities, when, despite holding less than a majority of the voting rights, it has rights that are sufficient to give it the power to direct the investee's relevant activities unilaterally.

Structured entities - securitization special-purpose entities. To verify whether the requirements are met for control on special-purpose entities, the factors taken into considerations are the ability to exercise power on the investee's relevant activities to the investor's advantage and the ultimate purpose of the transaction, as well as the involvement of the investor/sponsor in structuring the transaction. For these entities, the subscription of essentially all notes by companies of the Group is considered evidence, especially in the structuring phase, of the power to manage the entity's relevant activities to influence the returns on the transaction.

3. Equity investments in subsidiaries with significant minority interests

3.1 MINORITY INTERESTS, AVAILABILITY OF MINORITY INTEREST VOTES AND DIVIDENDS DISTRIBUTED TO MINORITY INTERESTS

Company name	% minority interests	% of votes available to minority interests	Dividends distributed to minority interests
1. Crédit Agricole Leasing Italia S.r.l.	15.00%	15.00%	–

The equity investment is held by Crédit Agricole Leasing & Factoring, a company of the Crédit Agricole S.A. Group.

3.2 INVESTEES WITH SIGNIFICANT MINORITY INTERESTS: ACCOUNTING DATA

Company name	Total Cash and cash equivalents	Financial assets	Property, plant and equipment and intangible assets	Financial liabilities	Equity	Net interest income	Net banking income	Operating costs	Profit (Loss) for the period (1)	Comprehensive income (3) = (1) + (2)
Crédit Agricole Italia Leasing S.r.l.	14,551	3,066,427	26,940	2,879,882	148,048	33,695	38,063	9,052	12,156	12,148

Data refer to financial statements 31 December 2023.

4. Significant restrictions

No significant restrictions are to be reported pursuant to IFRS 12.13.

5. Other information

On 7 February 2024, the General Meeting of the Shareholders of Le Village by CA Milano S.r.l. resolved a share capital increase of a total of 1.2 million Euros; this determined a change in the shareholding structure quote subsequent to which now Crédit Agricole Italia S.p.A. holds 51% vs. 38.9% in 2023. Therefore, effective as of 2024 the company Le Village by CA Milano S.r.l. has been reclassified from an equity investment in an investee subject to significant influence to an equity investment in a subsidiary.

Section 4 – Events occurred after the reporting date

From the reporting date to the approval of the 2023 Annual Report and Financial Statements, no such events occurred as to entail any material change in the assessments made by the Directors and represented in the balance sheet, income statement and statement of cash flows of the Group.

In the Management Report and in Section 5 "Other aspects", the risks and uncertainties associated with the present macroeconomic scenario are reported.

Covered bonds

It is pointed out that, in early 2024, Crédit Agricole Italia very successfully finalized the **first issue in the year of a Green Covered Bond (CB) in the Italian market.**

After being the first Italian bank ever to issue a Green Covered Bond, the Crédit Agricole Italia Banking Group substantiated once again its commitment to the environment with a **new issue for a total amount of 500 million Euros** which collected **orders for nearly 5 billion Euros**, proving investors' appreciation both for Crédit Agricole Italia S.p.A. and for Green sustainability matters.

With maturity of over 9 years, it is also the longest maturity CB since the segment reopening – in June 2023 – following the implementation of the new EU Directive.

In March 2024 the Group went again to the market proposing a new issue of Premium Covered Bonds (CB), with 12-year maturity for an amount of Euro 1 billion.

Section 5 – Other aspects

Risks and uncertainties

The risk monitoring, management and control policies continue to be key pivots on which, in the present and future scenario, Banks must measure themselves both against each other and against domestic and international markets.

Crédit Agricole Italia's governance bodies continue to give high and constant attention to sustainable development and growth, through close monitoring of the risk the Bank is exposed to, considering also the effects of the uncertainty about the macroeconomic evolution and the complex geopolitical situation. These issues may indeed generate impacts on the financial, cash flow and profit or loss structure that the Bank is required to manage and keep at acceptable levels, in order to protect savings (and thus its Customers' trust) and lending (healthy drivers of growth).

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

Although in the first months of the year the economy posted lively growth thanks to the favourable economic situation, recovery proved weak and uneven, albeit exceeding expectations. Throughout the reporting year, Central Banks continued with their restrictive approach started in 2022 through constant interest rate hikes, concentrated in the first nine months of 2023, albeit with lower intensity than in the past, in order to bring inflation back to the set target, with special attention to the repercussions on the real economy and financial stability.

Although generating a positive impact in bringing inflation under control, especially in the Euro Area these policies limited domestic demand, slowing down consumption, impacting on the expenses of households and businesses, thus affecting their repayment ability, and causing general stagnation in the last quarter of 2023. In this scenario, lending slowed down quite markedly, due to the increase in interest rates, which affected demand, and to more restrictive credit supply.

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

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

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

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Geographical rationalization of the physical network

Within the wider 2023-2025 Medium Term Plan, a rationalization plan has been designed entailing the revision of the commercial structure towards a leaner and differentiated geographical coverage model that is tailor-made on each region's specific features, as described in the Management Report.

Specifically, the Network optimization plan implemented in 2023 entailed the closure of 106 Retail Branches, the revision of the service model of 20 branches (which were turned into Points of Contact), and the setting up of some HUBS to foster synergies among the Commercial Channels. Having regard to the closed branches that used to be in leases premises, the book value of the right of use of the premises was written down, with a total negative effect of about 2 million Euros recognized in the Income Statement, under item 210 "Net adjustments to/recoveries on property, plant and equipment". The optimization plan also determined the reorganization of the office spaces at central departments; also in this case, after moving out of properties under lease contracts that could not be immediately surrendered, the related right of use, recognized under property, plant and equipment, was written down, with a negative impact of approximately Euro 2.6 million, reported in item 210 of the income statement.

A.1 Owned real estate

Based on the yearly monitoring process conducted by the Group on owned real estate assets, which takes into account both the updated appraisals and the presumed sale values obtained from underway negotiations, impairments were recognized, mainly regarding "investment property", for a total amount of Euro 15.8 million, recognized in the income statement at item 210 "Net adjustments to/recoveries on property, plant and equipment".

As at 31 December 2023 preliminary agreements for the sale of property, compliant with IFRS 5, had been signed amounting to a book value of Euro 9.1 million. That amount was recognized under item "120 Non-current assets held for sale and discontinued operations" in the assets section of the balance sheet and resulted from the sale of a package of 8 properties of Crédit Agricole Italia S.p.A.; the alignment of the book value of some of these assets to their sale price determined impairments amounting to about Euro 3.4 million, recognized in the income statement at item 210 "Adjustments to/recoveries on property, plant and equipment".

Therefore, as at 31 December 2023, impairment recognized on owned real estate came to a total of Euro 19.2 million.

Covered Bond issue

In 2023 Crédit Agricole Italia presented two Covered Bond issued in the *Premium* format and compliant with the latest EU legislation to the market. The first issue took place in June and had an amount of 1 billion Euros and 6.5-year maturity, while for the second one had a sole subscriber, the European Investment Bank (EIB), an amount of 400 million Euros and 5-year maturity.

OTHER INFORMATION

Purchase of Tax Credits - Ecobonus

Within the measures deployed by the Italian Government to support the economy, Decree Law no. 34/2020 (known as "Relaunch" Decree) gives the possibility to deduct certain types of expenses as tax credits. Under the "Ecobonus" and "Sismabonus" schemes, as well as under other incentive schemes for building works, the incentive may be obtained also as a rebate in the price due to the vendor with the related tax credit transferred to the vendor.

The Crédit Agricole Italia Banking Group rolled out the service for the purchase of tax credits from Customers and, in accordance with the instructions given by the Bank of Italy/CONSOB/IVASS Work Group on the application of the IAS/IFRS to this scope, implemented a specific accounting policy. The policy provides for the recognition of purchased tax credits as assets in the Balance Sheet, under item 130 "Other assets", with initial recognition at *fair value*, equal to the purchase price paid to the Customers. For the tax credits, the Crédit Agricole Italia Group has also adopted the Business Models given below:

- "Hold to collect", whereby the Crédit Agricole Italia Group recognizes the tax credits that were purchased to be held in order to be offset in the future.

- "Hold to collect and sell", with first-time adoption as of 2023, whereby the Crédit Agricole Italia Group recognizes tax credits purchased in order to be offset in the future or to be sold. To date, in this Business model, sales contracts have been executed for an amount of Euro 380.7* million over five years (of which Euro 42.7 million realized in 2023).

As at 31 December 2023 the reported balance of purchased tax credits, recognized under item "Other assets", came to Euro 1,764 million (of which Euro 1,063 million under the HTC business mode and Euro 701 million under the HTCS one).

For more exhaustive information on their accounting treatment, please see paragraph "Other Assets" in section A.2 of this Notes to the Financial Statements.

Extraordinary tax on net interest income (windfall tax)

Please, see section Significant events in the reporting period of this Management Report.

Option for the Italian domestic tax consolidation scheme

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 of Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in an EU Member State, may exercise the option for consolidated taxation.

Initially, 18 Companies of the Group opted to join the tax consolidation scheme and, having been designated by Crédit Agricole S.A., Crédit Agricole Italia S.p.A. has undertaken the role of Consolidating Entity. Taking into account the new entities that joined the scheme in previous years and those that were terminated, as at 31 December 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 S.p.A. having, at the same time, financial, economic and organisational links in force between them, as provided for by Italian Ministerial Decree of 6 April 2018 and by Circularno. 19/2018.

* In January 2024 the total of the sale agreements amounted to 471.7 million euros.

Crédit Agricole Italia S.p.A. is the Group's Representative Member. Subsequent to some mergers by absorption finalized in previous years and to the closure of other entities, the perimeter of the VAT Group, initially of 15 entities, consisted of 9 entities of the Group as at 31 December 2022. Thanks to this scheme, the member entities operate, for VAT purposes, as a single taxable person in their transactions with external companies, with a single VAT registration number. The main advantage generated by the exercise of this option is that, in general, the transactions between the Group member entities are not subject to VAT.

Publication of the Annual Report and Financial Statements in ESEF

On 30 December 2022, Commission Delegated Regulation (EU) 2022/2553 of 21 September 2022 amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy for the single electronic reporting format was published in the Official Journal of the European Union. It entered into force on 1 January 2023, with the possibility of early adoption.

Nonetheless, the Crédit Agricole Italia Banking Group qualifies for the exemption under Article 83 of CONSOB Issuer Regulation, which reads "Obligations for the preparation and publication of financial reports as envisaged in article 154-ter of the Consolidated Law shall not apply to: *(...) b) issuers whose home Member State is Italy, which exclusively issue debt securities listed on a regulated market whose unit par value comes to at least 100,000 Euros, or an equivalent value in the event of currencies other than the Euro. (...)".*

For this reason, the Annual Report and Consolidated Financial Statements of the Crédit Agricole Italia Banking Group as at 31 December 2023 will not be published in ESEF format.

Audit of the accounts

The Annual Report and Consolidated Financial Statements are audited by PricewaterhouseCoopers S.p.A., implementing the Resolution passed by the General Meeting of Shareholders on 28 April 2021, whereby this Firm was assigned the audit task for the period 2021-2029.

Publication of the Annual Report and Financial Statements

The Board of Directors approved the draft Annual Report and Consolidated Financial Statements as at 31 December 2023 of the Crédit Agricole Italia Banking Group and authorized their publication on 23 March 2023, pursuant also to IAS 10.

A.2 PART REPORTING ON THE MAIN FINANCIAL STATEMENT ITEMS

The IAS/IFRS that were adopted for the preparation of the annual report and consolidated financial statements as at 31 December 2023 are given below broken down by financial statement item, having regard to classification, recognition, measurement and derecognition of asset and liability items, as well as the methods to recognize revenues and costs. Said standards are the same ones used for the preparation of the annual report and consolidated financial statements as at 31 December 2022.

FINANCIAL INSTRUMENTS (IFRS 9, IAS 39 AND IAS 32)

DEFINITIONS

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, or any contract establishing contractual rights and obligations to receive or deliver cash or other assets.

Derivative instruments are financial assets or liabilities the value of which evolves in accordance with that on an underlying instrument; they require low or no initial investment and are settled at a later date.

Financial assets and liabilities have been recognized in the financial statements in accordance with IFRS 9, as endorsed by the Europe Union.

IFRS 9 lays down the bases for:

1. Classification and measurement of financial instruments;
2. Impairment of exposures for increase in credit risk;
3. Hedge accounting, excluding macro hedging.

However, it is pointed out that the Crédit Agricole Italia Banking Group, in accordance with the instructions of its French Parent Company Crédit Agricole S.A., has exercised the option, which is given to IFRS 9 first-time adopters, to continue to fully apply IAS 39 as regards hedge accounting. Therefore, pending the entry into force of the future provisions contained in the new “dynamic risk management accounting model”, all hedging relationships are governed by IAS 39.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Initial measurement

At their initial recognition, financial assets and liabilities are measured at fair value, as defined in IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants that have reasonable knowledge of it and are willing to trade without pressure.

Subsequent measurement

After their initial recognition, financial assets and liabilities shall be measured, in accordance with their classification, at amortized cost using the effective interest rate (EIR) method for debt instruments or at fair value. Derivative instruments shall always be measured at fair value.

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition less principal repayments, plus or minus the accumulated amortization, in accordance with the effective interest rate method, of any difference between the initial amount and the amount at maturity and, for financial assets, adjusted by any loss coverage provision.

The effective interest rate (EIR) is the rate that discounts the estimated future cash flows (paid or collected) from the financial instrument through its expected life to the net book value of the financial asset or liability.

FINANCIAL ASSETS

Financial assets other than derivatives (debt instruments or equity instruments) shall be classified in one of the three categories given below:

- Financial assets at *fair value* through profit or loss;
- Financial assets at amortized cost; (for debt instruments only);
- Financial assets at *fair value* through equity (with recycling to profit or loss for debt instruments, without recycling to profit or loss for equity instruments).

The classification and measurement of financial assets depend on the financial asset nature, whether it qualifies as:

- Debt instrument (i.e. loans and securities with fixed or determinable payments);
- Units in OICR collective investment undertakings;
- Equity instruments (i.e. shares).

Debt instruments

The classification and measurement of a debt instrument is determined at its initial recognition and is based on two joint criteria: the business model and the analysis of its contractual characteristics in order to assess that the financial asset contractual terms provide for, at set dates, cash flows that are 'solely payments of principal and interest on the principal amount outstanding' (the "SPPI test"), unless the *fair value* option is exercised. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Business Model

The business model expresses how a cluster of financial assets is collectively managed in order to order to pursue a set corporate objective, thus representing the strategy of the Crédit Agricole Italia Banking Group in managing its financial assets. The business model is determined for an asset portfolio, rather than specifically for a single financial asset.

There are three business models:

- Hold to Collect (HTC), the objective of which is to hold the financial asset to collect its contractual cash flows throughout its useful life; this model does not require that all the assets be held until their contractual maturity; however, any sale of HTC assets is subject to restrictions in accordance with IFRS 9 and based on the policy adopted by the Group, which are exhaustively described in the paragraph below;
- Hold to Collect and Sell (HTC&S), the objective of which is to hold the financial assets both to collect their contractual cash flows and to sell them; in this model, both the sale of financial assets and the collection of their cash flows are permitted;
- Other, this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not qualify for the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applied to a portfolio of financial assets whose management and performance are measured based on *fair value.*

In accordance with the standard and with the choices made by the Group, the sale of financial assets classified in the HTC business model are allowed, for the reasons described below, based on whether the sale concerns a security portfolio or a loan portfolio.

Sales of **securities** are allowed for the following reasons:

a) Increase in credit risk;
b) Debt instruments close to maturity;
c) The sales are frequent but not significant;
d) Infrequent sales.

Specifically:

a) *Sales allowed due to an increase in credit risk*

   The Crédit Agricole Italia Banking Group has identified the following criteria to allow the sale of debt securities classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met.

   - Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
   - Risk indicators: downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the date of the instrument first recognition; downgrade of 2 notches in the issuer's country risk since the date of the instrument first recognition;
   - Market indicators:
     - Material increase in the issuer's credit spread between the date of purchase and the date of sale of the instrument;
     - Material evolution in the issuer's premium CDS between the date of purchase and the date of sale of the instrument;

b) *Sales permitted as the debt instruments are close to maturity*

   Financial assets in the Hold to Collect portfolio may be sold if they are close to maturity and the proceeds from their sales approximate the collection of the remaining contractual cash flows .

   In order to judge such sales consistent with the Hold to Collect Business Model, the following parameters were defined:

   - Time to maturity considered admissible of 6 months;
   - A maximum difference between the proceeds from the sale and the remaining contractual cash flows (amortized cost) of 3% (without taking *fair value hedge* effects into account).

c) *Frequent but not significant sales*

   In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales .*

   - Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
   - Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
   - Changes in the applicable legislation or regulations;
   - Need to strengthen capital requirements.

Sales of **loans** are allowed for the following reasons:

- Increase in credit risk;
- Loans close to maturity and with a sale price that approximates the remaining contractual cash flows;
- The sales are frequent but not significant;
- Significant Infrequent sales.

Specifically:

a) *Sales allowed due to an increase in credit risk*

   The Crédit Agricole Italia Banking Group has identified the following criteria to allow the sale of loans classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met:

   - Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
   - Risk indicators (applying to large-corporate customers only): downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the date of the instrument first recognition; downgrade of 2 notches in the issuer's country risk since the date of the instrument first recognition.

b) *Sales permitted as the loans are close to maturity*

The sales of loans in the Hold to Collect portfolio shall be allowed if all the following criteria set by the Group are met:

- The sale concerns financial assets with residual life of less than 6 months; the value of the assets sold is close to the amortized cost of the financial asset (also in case of frequent sales);
- The difference between the sale price and the amortized cost of the loan shall not be higher than 3% without taking into account fair value hedge effects.

c) *Frequent but not significant sales*

In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales*

- Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
- Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
- Changes in the applicable legislation or regulations;
- Need to strengthen capital requirements.

The contractual characteristics ('Solely Payments of Principal & Interest' or SPPI test)

The SPPI test provides for a set of criteria to be examined as a whole, whereby it can be determined whether the contractual cash flows are consistent with the characteristics of a basic lending arrangement (repayments of face principal and payment of interests on the face principal still outstanding).

The test is passed if the loan entitles exclusively to principal repayment and the collected interests represent the time value of money, the credit risk associated with the instrument, other costs and risks of a classic lending arrangement, such as liquidity risk as well as a reasonable profit margin for the bank.

If no conclusion can be made with this qualitative analysis, a quantitative analysis (or benchmark test) shall be made. This additional analysis consists in comparing the contractual cash flows of the asset under analysis to the cash flows of a benchmark asset (an asset with characteristics that are similar to those of the asset under analysis but "simple").

If the difference between the cash flows of the financial asset and those of the benchmark instrument is not deemed significant, the asset shall be considered a basic lending arrangement.

Furthermore, a specific analysis for each single tranche shall always be carried out if the financial asset provides for payments with different priorities linked to flows from other benchmark financial assets (e.g. In case of Credit Linked Instruments (CLI) or instruments issued by Special Purpose Entities (SPE) incorporated within Project Finance schemes). In this case, the SPPI tests requires that the characteristics of the contractual cash flows of the asset in question and of the underlying assets be analyzed, in accordance with a «look-through» approach, and that the credit risk implicit in the subscribed tranches be verified in comparison to the credit risk of the underlying assets.

"Green" or "ESG" financial assets and "green bond" financial liabilities comprise various instruments; specifically, loans or securities whereby environmental or ecological transition projects can be financed. It is pointed out that all the financial instruments so qualified do not necessarily give a return that varies in accordance with ESG criteria. This terminology may evolve in accordance with the EU legislation on sustainable finance. These instruments are recognized in compliance with IFRS 9. Specifically, for loans with ESG-linked return that does not bring about any financial leverage or is considered unsubstantial in terms of variability of the cash flows from the instrument, the SPPI test is deemed passed.

Within the Post-implementation Review (PIR) of IFRS 9, in May 2022 the IASB decided to start the review of IFRS 9 to clarify the methods to apply the SPPI test to this type of financial assets. Feedback on Exposure was published in March 2023 and the comment period ended on 19 July 2023. The IASB has scheduled publication of an amendment to IFRS 9 by 2024, which will then undergo the process to be endorsed by the European Union.

The recognition of debt instruments resulting from the definition of the business model along with the SPPI test is presented below:

Debt instruments		Management models		
		Hold to Collect (HTC)	Hold to Collect and Sell (HTC&S)	Other
SPPI testing	Passed	Amortized cost	Fair value through equity with recycling to profit or loss	Fair value through profit or loss
	Not passed	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss

Debt instruments at amortized cost

Debt instruments shall be measured at amortized cost if they classified in the HTC model and if they pass the SPPI test.

They are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs.

The amortization of any premiums/discounts and transaction costs is recognized in the Income Statement with the effective interest rate method.

This category of financial assets is subject to impairment in accordance with the criteria set forth in the specific paragraph “Impairment for credit risk”.

Debt instruments at fair value through equity with recycling to profit or loss

Debt instruments shall be measured at fair value through equity with recycling to profit or loss if they are eligible for the HTC&S model and if they pass the SPPI test.

These instruments are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs. The amortization of any premiums/discounts and of transaction expenses is recognized in the Income Statement with the Effective Interest Rate (EIR) method.

These financial assets are then measured at fair value and fair value changes are recognized through equity (with recycling to profit or loss) as the financial asset balancing item (excluding interest accrued taken to the Income Statement with the EIR method).

In case of sale, any *fair value* recognized through Equity are transferred to the Income Statement.

This category of financial instruments is subject to value adjustments for expected losses in accordance with the criteria set forth in the specific paragraph “Impairment for credit risk”.

Debt instruments at fair value through profit or loss

Debt instruments are measured at fair value through profit or loss in the following cases:

- The instruments are classified in the portfolio held within the Other Business Model (or financial assets held for trading or held with the main objective of selling them): financial assets held for trading are assets acquired or generated by the company mainly in order to sell them in the short term or part of a portfolio of instruments managed collectively in order to generate a profit from price fluctuations in the short-term or from the profit of the operator. Although contractual cash flows are collected in the period in which the Crédit Agricole Italia Banking Group holds the assets, the collection of such contractual cash flows is not essential but rather incidental.
- Debt instruments mandatorily measured at FVTPL as they do not comply with the SPPI test requirements;
- The financial instruments classified in portfolios for which the entity opts for *fair value measurement.* In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement) and including accrued interest. Debt instruments are recognized at their settlement date.

Afterwards, they are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting the financial assets.

This category of financial assets is not subject to impairment.

Units in OICR collective investment undertakings

Units in OICR collective investment undertakings for which the defined business model is "Hold to Collect" or "Hold to Collect & Sell are classified in the "financial assets mandatorily measured at *fair value*" portfolio as they fail the SPPI test.

If they are managed for trading, units in collective investment schemes are classified in the "financial assets held for trading" portfolio.

Those financial assets are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting them.

Equity instruments

Equity instruments are recognized at *fair value* through profit or loss (FVTPL), unless an irrevocable option for their measurement at *fair value* through equity (in this case "without recycling to profit or loss") is exercised.

Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement). These assets are recognized at their settlement date.

Afterwards, these assets are measured at *fair value* and value changes are taken to the income statement, as the balancing item of the value of the financial assets on the balance sheet.

This category of financial assets is not subject to impairment.

Equity instruments at fair value through equity without recycling to profit or loss (irrevocable option)

The irrevocable option to recognize equity instruments at fair value through equity without recycling to profit or loss may be exercised for each single transaction and shall apply as of the date of initial recognition. These financial instruments are recognized at their settlement date. The initial *fair value* includes transaction costs.

At subsequent measurements, *fair value* changes are recognized in equity. In case of sale, these changes are not recycled to profit or loss; therefore, the profit or loss from the sale is recognized in equity.

Only collected dividends are recognized in profit or loss if:
- The entity's right to collect their payment is set;
- It is likely that the economic benefits associated with the dividends will go to the entity;
- The dividend amount can be reliably measured.

Reclassification of financial assets

In the very few cases of a significant change in the business model used for managing financial assets (which may occur in case of start of a new activity, acquisition of entities, disposal or discontinuation of a business line), a reclassification of these financial assets is necessary.

In such cases, the reclassification shall apply from the date of reclassification and the reporting entity does not redetermine profits, losses and interests as previously recognized.

Where any "Financial assets measured at fair value through profit or loss" is reclassified under "Financial assets measured at amortized cost", the fair value as at the reclassification date shall become the new gross book value; the date of reclassification shall be the date of initial recognition for assigning the credit risk stage in order to estimate impairment. Where the financial asset is reclassified under "Financial assets measured at fair value through other comprehensive income", the financial asset shall continue to be measured at fair value. The effective interest rate shall be determined based on the asset fair value as at the reclassification date.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through profit or loss, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through profit or loss.

If the financial asset is reclassified from measured at fair value through other comprehensive income to measured at amortized cost, the financial asset shall be reclassified at fair value on the reclassification date. However, accumulated profit (loss) previously recognized through other comprehensive income shall be derecognized in equity and adjusted to the fair value of the financial asset as at the reclassification date. Consequently, the financial asset shall be measured as at its reclassification date as if it had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through other comprehensive income, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through other comprehensive income. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the entity reclassifies a financial asset from measured at fair value through other comprehensive income to measured at fair value through profit or loss, the financial asset continues to be measured at fair value. Accumulated profit (loss) previously recognized through other comprehensive income shall be reclassified from “through equity” to “through profit or loss” with a reclassification adjustment as at the reclassification date.

Reclassification is not allowed for equity securities.

Temporary investments in/disposals of securities

Temporary disposals of securities (loans of securities, securities disposed of under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities disposed of under repurchase agreements, an account receivable from the transferor is reported on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee recognizes a liability measured at fair value representing its obligation to return the security received under repurchase agreements.

Revenue and expenses relating to such transactions are recognized to profit and loss on an accrual basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or group of financial assets) is fully or partially derecognized if:

- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are transferred or are deemed as such because all the risks and rewards of the financial asset are transferred.

In this case, all remaining rights or obligations in force are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but a part only of the risks and rewards of ownership or control is retained, the financial assets continue to be recognised to the extent of the entity’s continuing involvement in the asset.

Furthermore, impaired financial assets may be derecognized when the entity can no longer reasonably expect to recover a financial asset (write-off). A financial asset may be written off before the conclusion of the legal actions for its recovery and this does not necessarily entail waiver by the Bank of its legal right to collect the credit claim. In this case, the gross nominal value of the loan remains unchanged, but its gross book value is written down by the write-off amount . The write-off may concern the entire amount of a financial asset or part thereof and is equal to:

- The reversal of total value adjustments as the balancing item of the financial asset gross value;
- For any portion exceeding the amount of total value adjustments, the recognition of the financial asset impairment directly through profit or loss.

Any amounts collected after the write-off are recognized in the income statement as recoveries.

FINANCIAL LIABILITIES

Financial liabilities are classified on the balance sheet in the two accounting categories given below:

- Financial liabilities at fair value through profit or loss, either by their nature or by designation;
- Financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss by their nature

Financial instruments issued primarily to be bought back in the short term, instruments belonging to an identified portfolio of financial instruments which are managed collectively and for which there is evidence of a strategy pursuing short-term profit-taking, and derivatives (with the exception of certain hedging derivatives) are measured at fair value by their nature.

Any changes in the fair value of this portfolio are recognized through profit or loss.

Financial liabilities designated at fair value through profit or loss

At initial recognition, the bank may irrevocably designate the financial liability as measured at *fair value* when:

a) By doing so,it removes or materially reduces any inconsistency in the measurement or recognition that would otherwise result from the measurement of the assets or liabilities or from the recognition of the related profits or losses on different bases;

b) A group of financial liabilities or of financial assets and liabilities is managed and the return on it is measured on a fair value basis in accordance with a risk management or investment strategy;

c) The contract contains one or more embedded derivatives and the host contract is not an assets falling in IFRS 9 scope of application.

This designation option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

Upon subsequent measurement, these financial liabilities are measured at *fair value* through profit or loss for changes in *fair value* not related to own credit risk and with balancing item through equity with no recycling to profit or loss for value changes related to own credit risk.

Financial liabilities measured at amortized cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is allowed.

Distinction between debt - equity instruments

Securities are classed as debt instruments or equity instruments based on the economic substance of the contracts.

A financial liability is a debt instrument if it includes a contractual obligation to:

- provide another entity with cash, another financial asset or a variable number of equity instruments;
- exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers discretionary return representing a residual interest in a company after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Treasury share buyback

Treasury shares or equivalent derivative instruments such as options on shares bought with a fixed strike ratio, including shares held to cover stock option plans, do not meet the definition of a financial asset and are recognized as reduction in equity. They do not generate any impact on the income statement.

Derecognition of and change to financial liabilities

A financial liability is derecognized in full or in part:

- When it is extinguished;
- When it has been substantially modified in case of restructuring.

A substantial modification in an existing financial liability shall be recognized as the extinction of an initial financial liability and the recognition of a new financial liability (known as novation). Any difference between the book value of the extinguished liability and the new liability shall be recognised immediately in the income statement. If the financial liability is not derecognised, the original effective interest rate (EIR) shall be maintained and the book value shall be modified through profit or loss on the modification date, discounting the new future cash flows (as resulting from the modification) to the modification date using the original EIR. This impact is then spread over the residual lifetime of the instrument based on the original effective interest rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held-for-trading unless they can be considered to be hedging instruments.

These instruments are initially recognized at fair value on the settlement date and then measured at fair value.

At each reporting date, the fair value changes on derivative contracts shall be recognized:
- Through profit or loss for derivative instruments held for trading or for fair value hedging;
- Through equity for derivative instruments held as cash flow hedges or hedges of net investments in foreign operations, for the effective portion of the hedge.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. This definition applies only to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:
- The hybrid contract is not measured at fair value through profit or loss;
- The embedded component taken separately from the host contract has the characteristics of a derivative;
- The characteristics of the derivative are not closely linked to those of the host contract.

Conversely, financial assets with an embedded derivative are classified as a whole as separation is not allowed: in these cases, the instrument as a whole shall be classified under "financial assets measured at fair value through profit or loss".

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32, the Crédit Agricole Italia Banking Group offsets a financial asset against a financial liability and recognizes a net amount when and only when it has a legally enforceable right to offset the recognized amounts and intends either to settle the net amount or to realize the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Net gain (loss) on financial instruments measured at fair value through profit or loss

For financial instruments recognized at *fair value* through profit or loss, this item reports the following elements:
- Dividends and other revenues from equities or other securities which are classified under financial assets at fair value through profit or loss;
- Changes in fair value of financial assets or liabilities at fair value through profit or loss;
- Gains and losses on disposal of financial assets at fair value through profit or loss;
- Changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This item also reports the ineffective portion of hedges.

Net gains (losses) on financial instruments measured at fair value through equity

For financial assets measured at *fair value* through equity, this item reports the following income statement elements:
- Dividends from equity instruments classified as financial assets at fair value through equity without recycling to profit or loss;
- Gains (losses) on disposals and net income associated with the termination of hedging relationships on debt instruments classified as financial assets at fair value through equity with recycling to profit or loss;
- Net income on disposals or associated with the termination of fair value hedging instruments of financial assets at fair value through equity when the hedged item is sold.

FINANCING COMMITMENTS AND FINANCIAL GUARANTEES GIVEN

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. . However, they are covered by provisions in accordance with IFRS 9.

A financial guarantee contract is a contract under which the issuer must make specific payments to reimburse the guarantee holder for a loss incurred due to a specific debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value and subsequently at the higher of:
- The value adjustment amount for losses determined in accordance with IFRS 9;
- The amount originally recognised less, where applicable, the costs recognised in accordance with IFRS 15.

IMPAIRMENT FOR CREDIT RISK

Scope of application

In compliance with IFRS 9, the Crédit Agricole Italia Banking Group recognizes impairment with write-downs representing Expected Credit Losses (ECL) on the categories of financial assets given below:
- Financial assets consisting of debt instruments and recognised at amortised cost or at fair value through equity with recycling to profit or loss (loans and receivables, debt securities);
- Financing commitments which are not measured at fair value through profit or loss;
- Guarantee commitments that fall within IFRS 9 scope of application and that are not measured at fair value through profit or loss;
- Lease receivables falling in the IFRS16 scope;
- Trade receivables generated by transactions under IFRS 15 scope of application.

Equity instruments (at fair value through profit or loss or at fair value without recycling to profit or loss) are not concerned by the rules on impairment.

Derivative instruments and other instruments at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model. For more exhaustive information, please see Section "A.4 Fair value reporting" of this Notes to the Financial Statements.

Credit risk and impairment (provisioning) stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Group.

The model of impairment (provisioning) for credit risk has three stages:
- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee...), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if there is a significant increase in credit risk (versus initial recognition) for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall individually recognize the incurred credit loss calculated over the residual life of the instrument. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1 , based on the decrease in credit risk.

Definition of default

The regulation on the Definition of Default is based on:

- The "relative" and "absolute" materiality thresholds to identify pastdue determining classification in the default status. It is automatic is two thresholds (relative and absolute) are jointly breached for 90 days in a row. More specifically:
  - The relative threshold is at 1%, calculated as the ratio of the total pastdue and/or overlimit amount to the total amount of recognized exposures to the same borrower;
  - The absolute threshold is at Euro 100 for Retail Customers and at Euro 500 for Non-Retail Customers, calculated using the total pastdue and/or overlimit amount of the borrower;
- Banks are not allowed to net existing pastdue and/or overdraft exposures on some credit lines of the debtor against existing available margins on other credit lines of the same borrower;
- A 3-month probation period shall be applied, running from the moment the positions no longer meet the conditions to be classified as defaulted and during which no pastdue instances must occur, before classifying the loan, and therefore the Debtor, back to a non-default status;
- Specific rules (known as "triggers") shall be applied, which require automatic classification as non-performing of exposures meeting even one only of the following characteristics:
  - Loss of more than 1% on restructured exposures (suspensions, rescheduling, renegotiations) because of financial difficulties experienced by the debtors;
  - Loss of more than 5% for the disposal of performing loans.

Definition of Expected Credit Loss ("ECL")

ECL is defined as the weighted expected value of the discounted credit loss (principal and interest). It is the present value of the difference between contractual cash flows and expected ones (including principal and interest).

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, forward-looking scenarios are used and weighted by the related probability of occurrence. In agreement with its French Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios:

- **Central scenario**, i.e. the most likely scenario;
- **Moderately adverse scenario**, i.e. the economic scenario in moderately adverse conditions;
- **Budget stress scenario**, i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- **Favorable scenario**, i.e. the economic scenario in favorable conditions.

The weights to be assigned to the four scenarios – which may vary at each new estimate of the parameters – are determined at the Crédit Agricole Group level (the Economic Research Department – ECO of Crédit Agricole S.A.), while the Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default (EAD).

The standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECL calculation approaches are different for financial instruments and off-balance sheet exposures. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses whether any significant increase in credit risk has occurred from the date of initial recognition to the reporting date, in order to assign the financial instrument to the right risk stage given that increase.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply, and contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Moreover, monitoring shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any increase in credit risk is assessed using (relative or other criteria) quantitative criteria and qualitative criteria.

Relative criteria: some thresholds (SICR - Significant Increase in Credit Risk) have been set which measure the change in the PD as at the inception date and as at each reference date. The thresholds and their respective methods of use are exhaustively reported in Part E of this Note.

It is also pointed out that compliance is verified with the threefold-PD, i.e. in case the PD_{rep} is higher by at least 3 times the PD_{orig}, except in cases where $PD_{rep} < 0.3\%$, the exposure is automatically moved to stage 2.

Other criteria: 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 other than securities for which rating models have been implemented and applied, 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.

Based on these considerations, the reasons that trigger the classification of the exposures in stage 2 are supplemented with the additional rules listed below:

- The breach of the PD thresholds, which, for CAI, are set at 12% for the non-Retail portfolio and at 15% for the Retail portfolio (CASA threshold);
- No rating as at the assessment date if regarding loans disbursed over six months before;
- The exposure being classified as forborne performing;
- Classification in the watchlist in accordance with the Early Warning internal indicator (IMA – Performance Monitoring Indicator) in at least three calculations in the four months before the reference date;
- The selection of portfolio potions that are considered high risk following specific probes carried out by the Risk Management and Permanent Controls Department, such as;
- Sub-Investment rating grades close to the Sensitive loans perimeter (the thresholds applied by the Crédit Agricole Banking Group are more restrictive);
- Floating-rate mortgage loan contracts, which, subsequent to the increases in the ECB key interest rates, have high instalment/income ratios with a Sub-Investment Grade rating.

Qualitative Criteria: lastly, downgrading to stage 2 may occur for single-name positions reported by the Chief Lending Officer and validated by the Risk Management and Permanent Controls Department.

If the conditions that triggered downgrading to stage 2 no longer apply, the exposure may be taken back to stage 1.

For exposures consisting of securities, the Crédit Agricole Italia Banking Group applies the low credit risk exemption, i.e., as at the recognition date, the exposures have been classified in stage 1, as they had an investment grade rating or higher.

Therefore, the following rules apply for monitoring significant increase in the credit risk of securities:
- "Investment Grade" securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- "Non-Investment Grade" securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Impairment model on stage 3

The impairment model for the non-performing portfolio is based on the estimate of a forward-looking and multi-scenario ECL, which is obtained combining the internal collection scenario with an alternative collection scenario, via the disposal of the non-performing exposures, often as single.name, on the market. This calculation is consistent with the objectives laid down by the NPL Strategy of the Crédit Agricole Italia Banking Group, which, to reduce NPEs, give preference to collection with no need for insolvency procedures, rather than the disposal of partial and limited clusters of NPEs, as an alternative IFRS 9 reads that "the entity shall measure expected credit losses in a way that reflects:

a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) The time value of money;
c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions".

Specifically, IFRS 9 defines loss as the difference between all the contractual cash flows due and the cash flows that the entity expects to receive. Consequently, if the entity intends to sell a non-performing loan to a third party in order both to increase its cash flows as much as possible and to implement a specific strategy for NPL management, the ECL estimate shall reflect also the sale scenario and, thus, the cash flows from the sale. In accordance with IFRS 9, sales scenarios that are merely possible may be taken into account and, as such, shall be smoothed with others that are deemed more likely.

The above being given, the Crédit Agricole Italia Banking Group reflects, in the measurement of loans, the contemplated different types of collection by single loan or cluster of loans. The methods to assess the loan recovery forecasts, in compliance with the ECB Guidance, consist in an estimate of future cash flows made based on two general approaches:
- In a scenario where the borrower is assumed as a going-concern, the cash flows from operations continue to be generated and can be used to repay the financial debt; the "Going Concern Approach".
- In a scenario where the borrower is assumed to discontinue operations, no cash flows from operations are generated to be used for debt service; the "Gone Concern Approach".

The Going Concern Approach is mainly applied to cases in which the cash flows from the borrower's operations are material (vs. the debt) and can be reliably estimated, as well as in all cases in which the exposure is not backed with collaterals or is limitedly secured and to the extent collaterals can be realized without prejudicing the borrower's ability to generate future cash flows.

In measuring generated cash flows, also the cash flows from operations of any guarantor may be taken into account.

The Gone Concern Approach shall apply where there are no significant cash flows from operations vs. the debt or where the exposure is largely secured and the related collaterals are essential to generate cash flows.

CONTRACT MODIFICATIONS OF FINANCIAL ASSETS

When the original contractual conditions are modified by the parties, it is to be verified whether the financial asset shall continue to be recognized or the original financial asset is to be eliminated recognizing a new financial instrument.

To this end, it is to be assessed whether the modifications to the contract terms and conditions as renegotiated are substantial or not.

In case of substantial modifications, the entity shall derecognize the financial instrument affected by the modification and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

Renegotiations are deemed substantial if they introduce specific objective elements affecting the characteristics and/or cash flows of the financial instrument or if they concern customers that are not experiencing financial difficulties, in order to align the contract onerousness to the current market conditions. In the latter case, it is to be specified that, if the Bank did not agree to a renegotiation of the contractual conditions, the customer would be able to borrow from another intermediary with the subsequent loss by the bank of the revenue flows under the renegotiated contract; in other words, in case of renegotiation for commercial reasons, no loss in to be recognized by the bank in its income statement subsequent to the alignment to the current market conditions that are more favourable for its customers.

Conversely, in case of renegotiations deemed not substantial, the entity shall redetermine the present value of the new cash flows subsequent to the renegotiation, based on the original rate of the exposure in force before the renegotiation. The difference between said value and the book value before the modification shall be recognized in the specific item of the income statement as profit or loss from contract modifications with no derecognition ("modification accounting").

RESTRUCTURING DUE TO FINANCIAL DIFFICULTIES (FORBEARANCE MEASURE)

Financial instruments that are restructured due to financial difficulties are those for which the entity has modified the initial financial conditions (interest rates, maturity) for business and legal reasons linked to the financial difficulties experienced by the borrower, in ways that would not have been applied in other circumstances.This regards all debt instruments, irrespective of the category the security is classified in.

This restructuring concept shall be assessed with regard to the contract rather than with regard to the customer. The definition of restructured loans subsequent to financial difficulties experienced by the customers is based on two cumulative criteria:

- Contract modifications or loan refinancing;
- The Customer's difficult financial situation.

Contract modifications are, for example, situations in which:

- There is a difference in favour of the borrower between the modified contract and the conditions before contract modification;
- The modifications made to the contract lead to conditions that are more favourable for the concerned borrower than those that other borrowers of the Bank, having similar risk profiles, could have obtained at that moment in time.

Refinancing means a new debt/loan is granted to the customer to repay, fully or in part, another debt as regards which the customer cannot comply with the contract conditions because of its financial situation.

The restructuring of a loan (whether performing or defaulted) is a sign of possible incurred loss risk. Therefore, the restructured/forborne exposure shall be accordingly assessed for any impairment/provisioning (restructuring does not systematically entail adjustment for incurred loss and classification as defaulted).

The classification as "*Forborne exposure*" is temporary. If the restructuring transaction is carried out in accordance with the instructions of the European Banking Authority (EBA), the exposure retains the "forborne" status for at least 2 years, if it was performing upon restructuring, or for 3 years if it was non-performing upon restructuring. These periods shall be longer if some events provided for in the Group's principles occur (for instance "reoccurrence").

With no derecognition, the reduction in future flows granted to the counterparty or the deferral of such flows over a longer time horizon than the one before the restructuring shall entail recognition of impairment in the Income Statement. The impairment for the restructuring shall be calculated as the difference between:

- The loan book value;
- The sum of the restructured future flows discounted at the original Effective Interest Rate (EIR).

Upon impairment, the portion regarding the passage of time shall be recognized under net interest income.

PURCHASED OR ORIGINATED CREDIT IMPAIRED ASSETS

Pursuant to IFRS 9, a financial asset is considered impaired upon initial recognition if credit risk is very high and it is purchased with significant rebates vs. the residual contractual debt.

If, based on the classification drivers (SPPI test e Business Model), these financial assets are classified as assets measured at amortized cost or at *fair value* through other comprehensive income, they shall be classified as "Purchased or Originated Credit Impaired Assets" ("POCI") and shall be subject to specific treatment as regards impairment. As regards these exposures, IFRS 9 requires:

- Their initial recognition at *fair value*;
- That the expected credit loss be always estimated based on the expected loss over the lifetime of the financial instrument;
- Interest recognized in the accounts are determined applying the effective interest rate, adjusted by credit risk ("EIR Credit Adjusted") or of the rate that, at initial recognition, discounts all future cash flows estimated at the asset amortized cost, taking into account, in the estimate, also expected credit losses.

POCI loans reported in the Group's financial statements were recognized subsequent to Business Combinations. Specifically, the acquisition of Credito Valtellinese in 2021 had entailed the recognition of a portfolio of non-performing loans, which, therefore, were initially recognized as POCI assets in accordance with IFRS 9 and measured at their fair value determined within the Purchase Price Allocation, as their first-recognition amount. In the light of the disposals finalized later on, the POCI loans coming from Credito Valtellinese and recognized in the Parent Company's financial statements as at 31 December 2023 remained under assets measured at amortized cost for significantly lower amounts and further reducing vs. the end of 2022. Those loans have been recognized in the related stages.

HEDGE ACCOUNTING

General framework

In compliance with the decision made by the Crédit Agricole Group, the Crédit Agricole Italia Banking Group has not applied the "hedge accounting" section of IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). However, the eligibility of financial instruments for hedge accounting in accordance with the IAS 39 takes into account the bases of classification and measurement of financial instruments pursuant to the IFRS 9.

In accordance with IFRS 9 and with the IAS 39 hedging principles, eligible fair value and cash flow hedges are debt instruments at amortized cost and at fair value through equity with recycling to profit or loss.

The Group hedges interest rate risk in order to immunize the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the interest rate curve, or of reducing the uncertainty of cash flows linked to a specific asset/liability in an integrated balance sheet perspective. Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with cap to Customers (macro-hedging), government securities in reserves (asset-swap hedging) and fixed-rate gaps detected by the internal model, which have been subject to macro-hedging. The hedges were made exclusively by purchasing Interest Rate Swaps and Interest Rate Options.

Documentation

Hedging relationships shall comply with the following principles:

- Fair value hedges have the purpose of protecting the entity against exposure to changes in the fair value of a recognize asset or liability or of an irrevocable commitment not recognized, attributable to the hedged risk or risks and able to impact on the income statement (for instance, total or partial hedge of fair value changes due to interest rate risk on a fixed-rate debt);
- Cash flow hedges have the purpose of protecting the entity against exposure to changes in future cash flows of a recognized asset or liability or of a transaction deemed very likely, attributable to the hedged risk or risks and able (in case of an expected transaction not occurred) to impact on the income statement (for instance, hedging of all or part of the payment of future interests on a floating-rate debt);
- Hedges of net investments in foreign operations have the purpose of protecting the entity against the risk of any unfavourable change in fair value associated with the foreign exchange risk within an investments in foreign operations in a currency other than the Euro.

When an entity intends to use hedges, the following conditions shall be met in order to benefit from hedge accounting:

- Eligibility of the hedging instrument and of the hedged instrument;
- Formalized documentation since inception, specifically including the individual designation and the characteristics of the hedged item, of the hedging instrument, the type of hedging relationship and the nature of the hedged risk;
- Evidence of the hedge effectiveness, at inception (i.e. prospectively) and retrospectively, through tests made at each reporting date.

For interest rate risk hedging of a portfolio of financial assets or financial liabilities, the Crédit Agricole Italia Banking Group prefers a fair value hedge documentation, as permitted by the IAS 39 endorsed by the European Union (carve out version).

Specifically:

- The Group documents these hedging relationships based on a gross position of derivative instruments and hedges items;
- The effectiveness of these hedging relationships is proved with effectiveness tests.

Measurement

The measurement of the derivative at fair value is recognized as follows:

- Fair value hedges; The derivative remeasurement is recognized in the income statement matching the remeasurement of the hedged item. The income statement reports only the net amount of any ineffective portion of the hedge;
- Cash flow hedges: the derivative remeasurement is recognised as a balancing item of a specific profit or loss account directly recognized through equity with recycling to profit or loss for the effective portion and any ineffective portion of the hedge is recognised through profit or loss. Accumulated profits and losses through equity are then recycled to the income/through profit or loss when the hedged cash flows occur;
- Hedges of net investments in foreign operations: the derivative remeasurement derivative is recognised as a balancing item through equity with recycling to profit or loss and the ineffective portion of the hedge is recognized through profit or loss.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment shall be applied prospectively:

- Fair value hedges: only the hedging instrument continues to be remeasured through profit or loss. The hedged item is wholly recognized in accordance with its classification. For debt instruments at fair value through equity with recycling to profit or loss, fair value changes after the termination of hedging relationship shall be fully recognized through equity. For hedged items measured at amortized cost, which were hedged for interest rate risk, the remaining portion of the remeasurement difference shall be amortized over the remaining life of the hedged items;
- Cash flow hedges: the hedging instrument is measured at fair value through profit or loss. The amounts accumulated through equity and regarding the effective portion of the hedge shall remain in equity until the hedged element affects profit or loss. Interest-rate hedged items shall be recognized through profit or loss as interests are paid. The remaining portion of the remeasurement difference is then amortized over the remaining life of the hedged items;
- Hedges of net investments in foreign operations: the accumulated amounts in equity regarding the hedge effective portion shall remain in equity as long as the net investment is held.

MAIN FINANCIAL STATEMENT ITEMS

1. Financial assets measured at fair value through profit or loss

CLASSIFICATION

This category comprises the financial assets not classified as “Financial assets measured at fair value through other comprehensive income” or as “Financial assets measured at amortised cost”.

The “Financial assets measured at fair value through profit or loss” item consists of three sub-items:

a) “Financial assets held for trading”: this category consists of financial assets (debt securities, equity securities, loans and units in OICR collective investment undertakings) managed in order to realize cash flows through their sale and, therefore, under the “Other” Business Model; this category also includes derivative instruments (except for those classified as hedging derivatives or financial guarantee contracts);

b) “*Financial assets designated at fair value”: this category consists of financial assets (debt securities and loans) so designated upon initial recognition and where the related requirements are met (fair value option).* As regards this category, an entity may irrevocably designate a financial asset at fair value through profit or loss if, and only if, by doing so it removes or materially reduces any measurement inconsistency;

c) “*Financial assets mandatorily measured at fair value”,consisting of the financial assets that are managed with the “Hold to Collect” or “Hold to Collect and Sell” business model, but that do not meet the requirements to pass the SPPI test (as their contractual terms do not solely envisage payments of principal and interest on the principal amount outstanding) or that are managed under the “Other” business model but are not held for trading. This category reports also units in OICR collective investment undertakings; this item also reports equity securities that are not held for trading, for which, at first recognition, the entity did not exercised the option to classify them at fair value through other comprehensive income*.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the “Financial instruments (IFRS9, IAS 39 and IAS32)” paragraph in Part A.2 herein.

RECOGNITION

Debt and equity securities and units in OICR collective investment undertakings are initially recognized at the settlement date, while derivative contracts are recognized on the date they are signed. Loans are recognized on their origination date.

Specifically, upon recognition at the settlement date, the reporting entity recognizes any changes in the fair value of the asset occurred between that date and the trading date, based on the same criteria identified for the purchased assets.

On initial recognition, “Financial assets measured at fair value through profit or loss” are recognized at fair value; unless otherwise specified, it consists of the price paid to execute the transaction and any transaction costs or revenues attributable to the instrument are not taken into account but are taken directly to the Income Statement.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, “Financial assets measured at fair value through profit or loss” are stated at fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

To measure the fair value of financial instruments that are quoted in an active market, market prices are used. Where there is no active market, fair value is measured using generally accepted estimation methods and measurement models that take account of all the risk factors correlated to the instruments and that are based on information available on the market, such as: the measurement of the price of listed instruments with similar features, discounted cash flows, option pricing models, values reported for recent comparable transactions, etc.

For equity securities and derivative instruments that have equity securities as underlying assets, not quoted in an active market, the cost approach is used as the fair value estimate only to a residual extent and limited to very few cases, that is to say when there is a wide range of possible fair value measurements of which cost is the most significant estimate.

The effects of the application of this measurement approach are recognized in the Income Statement, under item 80 "Net profit (loss) on trading" for "Financial assets held for trading" and under item 110 "Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss" for "Financial assets designated at fair value" and for "Financial assets mandatorily measured at fair value". The same items report the derecognition of such financial assets. For more information on fair value measurement, please refer to paragraph 16 "Other Information – Fair Value Measurement" and to "Part A.4 – Fair value reporting".

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows;
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements).

2. Financial assets measured at fair value through other comprehensive (FVOCI)

CLASSIFICATION

This category consists of financial assets that meet both the following conditions:

- The financial asset is managed in accordance with the "Hold to Collect and Sell" Business Model whose objective is achieve both by collecting the contractual cash flows and by selling the asset, and
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding.

Therefore, this category includes debt securities and loans that are managed in accordance with the "Hold to Collect and Sell" Business Model and that have passed the SPPI test. This category also includes equity instruments, not held for trading, for which the irrevocable option was exercised upon initial recognition for their designation at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS 32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt and equity securities and, as regards loans, at their disbursement date. At initial recognition, these assets are recognized at fair value that equal to, unless otherwise stated, the price paid for the transaction execution, including any costs or revenues directly attributable to the instrument.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, Assets classified at fair value through other comprehensive income, consisting of debt securities and loans, are measured at fair value, recognizing the impacts generated by the amortized costs application in the Income Statement. For amortized cost measurement, please refer to paragraph 16 “Other information - Amortized Cost Measurement”. Profits and losses on fair value measurement are recognized in a specific equity reserve (item “120. Valuation reserves”), which shall be recycled to the income statement (item 100b “Profit/losses from disposal/repurchase of financial assets measured at fair value through other comprehensive income) upon derecognition of the financial asset.

“Financial assets measured at fair value through other comprehensive income” – being them debt securities and loans – are subject to impairment testing in accordance with the IFRS 9, as are Assets at amortized cost, with subsequent recognition of value adjustments in the Income Statement for expected losses. These adjustments are recognized in the Income Statement under item “130. Net adjustments/recoveries for credit risk”; the same applies, in a mirror-like way, to recoveries on part or all write-downs made in previous periods.

Equity instruments for which the option was exercised for their classification in this category are measured at fair value; profits or losses from fair value measurement are recognized as a balancing item of a specific equity reserve (item “120. Valuation reserves”). These reserves shall never be recycled to the income statement, including where allocated by selling the asset; in that case, the accumulated balance of the reserve is not recycled through profit or loss, but it is classified under retained earnings reserves in equity (item “150. Reserves”). Moreover, these assets shall not be written down in the Income Statement as they are not subject to impairment. The only component recognized in the Income Statement is collected dividends.

Fair value is determined using the standards adopted for “Financial assets measured at fair value through profit or loss”. For the equity instruments included in this category, which are not quoted in an active market, the cost approach is used as the fair value estimate to a residual extent only and in very few circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there is a wide range of possible measurements of fair value, of which cost is the most significant estimate. For more information on fair value measurement, please refer to paragraph 16 “Other Information - Fair Value Measurement” and to “Part A.4 - Fair value reporting”.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been sold are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

3. Financial assets measured at amortized cost

CLASSIFICATION

This category consists of financial assets, specifically debt securities and loans, that meet both the following conditions:

- The financial asset is managed in accordance with the “Hold to Collect” Business Model whose objective is achieve by collecting the contractual cash flows;

- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding.

More specifically, this category includes loans to customers and banks – in any technical form – and debt securities that meet the requirements referred to above. This category also includes receivables originated by finance lease transactions under IFRS 16 and operating loans and receivables linked to the provision of financial services, as defined by the Italian Consolidated Law on Banking (T.U.B.) and by the Italian Consolidated Law on Finance (T.U.F.) (e.g. for the distribution of financial products and servicing activities).

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the “Financial instruments (IFRS9, IAS 39 and IAS 32)” paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt securities and, as regards loans, at their origination date. This asset item reports separately:

- Due from banks;
- Loans to customers.

Specifically, for loans, their origination date is usually the same as the date of contract signing. Should this not be the case, upon contract signing a commitment to disburse funds shall be recognized and derecognized on the loan disbursement date.

Loans and receivables are initially recognized at their fair value that is equal to the amount disbursed, or subscription price, including costs and revenues directly attributable to the individual loan and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs that can be classified as normal administrative overhead costs, despite having the above characteristics.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Following initial recognition, these financial assets are measured at amortized cost using the effective interest rate method.

Measurement at amortized cost entails that the asset is recognized at an amount equal to its initial recognition value less principal repayment, plus or minus accumulated amortization in accordance with the aforementioned effective interest rate method, of the difference between the initial amount and the amount at maturity (typically attributable to costs/income directly pertaining to the individual asset) and adjusted by any loss coverage provision.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the asset in terms of principal and interest, to the amount disbursed including costs and revenues attributable to the asset. Expected cash flows shall be estimated taking account of all contractual terms of the financial instrument, but irrespective of expected losses on loans and receivables. The calculation includes all fees and commissions, transaction costs and all other premiums or discounts. This measurement method uses a financial approach and allows the economic effect of the costs/income directly attributable to a financial asset to be spread over its expected remaining lifetime. For more exhaustive reporting on this matter, please refer to paragraph 16 “Other information - Amortized Cost Measurement”.

The amortized cost method is not used for assets that have short lifetime, as their discounting is expected to have negligible effects, for those with indefinite maturity and revocable loans. These assets are measured at historical cost.

The book value of financial assets at amortized cost is adjusted in order to report any provision for expected loss coverage. Indeed, at every reporting date, these assets are tested for impairment in order to estimate any Expected Credit Losses (ECL).

This scope includes non-performing loans (known as "Stage 3" loans) classified as bad, unlikely- to-pay or non-performing past due in accordance with the rules issued by the Supervisory Authorities; this scope also includes performing loans classified as "Stage 1" and "Stage 2", to which the "Expected credit losses" concept applied on a 12-month or lifetime basis, respectively.

The used bases of measurement are exhaustively described in the paragraph "Financial instruments (IFRS9, IAS 39 and IAS32) - Impairment for credit risk)" in Part A.2 of this document and, as already said, are strictly linked to the classification of these instruments in one of the three stages (credit risk stages) provided for by IFRS 9.

The model of impairment (provisioning) for credit risk comprises:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee…), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if the credit quality deteriorates significantly for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall recognize incurred credit losses up to maturity. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1 , based on the decrease in credit risk.

Impairment losses are recognized in the income statement under item "130. Net losses/recoveries for credit risk".

The original value of the financial assets is written back in following financial years if the exposure credit quality improves vs. the one that entailed the previous write-down. Impairment recoveries are recognized in the Income Statement under the same item and the value of the loan after the writeback shall in no event exceed the amortized cost that the asset would have had if the prior adjustment had not been made.

For non-performing exposures, accrued interests recognized in the Income Statement under item "10. Interest and similar income" are calculated based on amortized cost. The same item reports interest income due to the passage of time, calculated within the measurement of non-performing financial assets based on the original effective interest rate.

A specific item in the income statement reports interest income calculated with the effective interest method in accordance with Bank of Italy Circular 262.

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows;
- Financial assets are written off where their recovery can no longer be reasonably expected, including in case of waivers of the rights to the asset;
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements);
- The contract undergoes modifications that qualify as "substantial". In case of substantial modifications to the contract (i.e. modifications that affect the characteristics and/or the cash flows of the financial instrument), the entity shall derecognize the financial instrument affected by the modification and shall

recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

4. Hedging

In compliance with the decision made by the Crédit Agricole Group, the Crédit Agricole Italia Banking Group has not applied the hedge accounting rules laid down by IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). Nonetheless, having regard to classification and measurement, IFRS 9 has been applied.

CLASSIFICATION

The "Hedging Derivatives" asset and liability items report financial derivatives held for hedging, which, as at the reporting date, have positive or negative fair values, respectively.

Hedging transactions are used to neutralize potential losses occurring on a given item or group of items attributable to a given risk, should the risk event take place.

The following types of hedges are used:

- Fair *value hedges:* These are used to hedge exposures to changes in the *fair value* (attributable to the different types of risk) of assets and liabilities or portions thereof, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39, which was endorsed by the European Commission;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency.

RECOGNITION

Hedging derivatives, like all derivatives, are initially recognized on their subscription date and measured at fair value.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Hedging derivatives are measured at fair value. Specifically:

- In case of *fair valuehedging,* changes in the *fair value* of the hedged item are offset against changes in the *fair value* of the hedging instrument;

  This offsetting is recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" by reporting value changes regarding both the hedged item and the hedging instrument. Any difference that may arise, since it represents the partial ineffectiveness of the hedge, also represents its net effect through profit or loss;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans; Changes in the fair value of the derivative are recognizes in equity (item "120. Valuation reserves"), for the effective portion of the hedge, and are recognized through profit or loss only when the cash flow change to be offset occurs regarding the hedged item;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency and it is recognized as cash flow hedges are.

The derivative instrument is classified as held for hedging where there is formal documentation of the relationship between the hedged item and the hedging instrument and where it is effective at inception and throughout its life.

The effectiveness of the hedge depends on the degree to which changes in fair value of the hedged instrument or the relative expected cash flows are offset by changes in that of the hedging instrument. Accordingly, the actual effectiveness is gauged by comparing the above-mentioned changes, taking into account the intention of the company at the inception of the hedge.

Hedging is deemed effective when changes in the fair value (or the cash flows) of the hedging instrument almost entirely – i.e. within an interval of between 80% and 125% – offset changes in the value of the hedged item for the hedged risk factor.

Effectiveness is assessed at every reporting date, using:
- Prospective tests, which justify the application of hedge accounting, since they demonstrate the expected effectiveness of the hedge;
- Retrospective tests, which show the degree of effectiveness of the hedge achieved during the reference period. In other words, they measure how actual results deviate from the perfect hedge.

Any hedge ineffectiveness caused by economic circumstances that are expected to return to normal as confirmed by prospective tests is not taken into account.

DERECOGNITION - TERMINATION OF THE HEDGING RELATIONSHIP

If the hedge effectiveness is not proved by the verifications and tests carried out, from that time on hedge accounting, as described above, shall be terminated, the derivative contract shall be reclassified to "Financial assets measured at fair value through profit or loss" and, specifically, to "Financial assets held for trading".

In case of *fair value hedges,* the hedged item is measured with the original measurement approach of the category it belongs to; for instruments measured at amortized cost, any accumulated recoveries/losses recognized subsequent to the *fair value* change of the hedged risk are recognized in the Income Statement under interest income and interest expense throughout the residual life of the hedged item, based on the effective interest rate. If the hedged item is sold or repaid, the fair value portion that has not yet been amortized shall be immediately recognized in the Income Statement.

Furthermore, the hedging relationship terminates when:
- The derivative matures, is terminated or exercised;
- The hedged item is sold, matures or is repaid;
- The hedged future transaction is no longer highly probable.

Hedging of portfolios of assets and liabilities

The hedging of portfolios of assets and liabilities ("macrohedging") and its consistent recognition can be done after:
- Identifying the portfolio to be hedged and breaking it down by maturity;
- Designating the item to be hedged;
- Identifying the interest rate risk to be hedged;
- Designating the hedging instruments;
- Determining effectiveness.

The portfolio hedged against interest rate risk may comprise both assets and liabilities. This portfolio is broken down by maturity in terms of collection or repricing of the interest rate, after analyzing the cash flow structure. Fair value *changes* occurred in the hedged item are recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" and in the Balance Sheet under item "60. Fair value change of financial assets in macro-hedge portfolios" or under item "50. Fair value change of financial liabilities in macro-hedge portfolios". Fair value changes occurred in the hedging instrument are recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" and in the Balance Sheet under asset item "50. Hedging Derivatives" or under liability item "40. Hedging derivatives".

In case of early termination of fair value macrohedging, the accumulated recoveries/losses are recognized in the Income Statement under interest income or interest expense throughout the residual duration of the original hedging relationships, granted that it is verified that the related requirements are met.

5. Equity investments

CLASSIFICATION

This item reports equity investments held in associates and joint ventures that are recognized using the equity method.

Joint arrangements are arrangements of which two or more parties share control under contractual or other agreements which require unanimous consent of all the parties sharing control in order for material financial and management decisions to be made. The requirement for unanimous consent means that any party with joint control of the arrangement can prevent any of the other parties, or a group of the parties, from making unilateral decisions (about the relevant activities)without its consent.

Associates are companies in which the Group exercises a significant influence, holding, directly or indirectly, at least 20% of the voting rights (including “potential” voting rights that may be exercised) or having the power to participate in determining its financial and management policies, despite holding less than 20% of the voting rights, owing to specific legal ties, such as being party to a shareholders’ agreement.

Significant influence is not ascribed to interests equal to or higher than 20%, in which the Company holds only equity rights to a portion of the return on the investments, does not have a say in the investee’s management policies and can exercise governance rights only to the extent required to protect its equity investment.

RECOGNITION

These financial assets are initially recognized at the settlement date. At initial recognition, these financial assets are recognized at cost, including any goodwill paid upon acquisition which, therefore, is not separately recognized.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Equity investments are measured using the equity method. After initial recognition, the carrying amount of the financial asset is increased or decreased in order to recognize the portion of profit and losses of the investees attributable to the Group and realized after the equity investment acquisition, as the balancing item of the Consolidated Income Statement item “250. Profit (losses) on equity investments”. Dividends received from an investee are recognized as a reduction in the book value of the equity investment.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking into account the present value of future cash flows that the equity investment could generate, including its value upon divestment.

If the recoverable amount is lower than the carrying amount, the difference is recognized in the Income Statement.

If the reasons for the impairment are removed subsequent to an event occurred after the impairment loss recognition, a writeback is taken to the Income Statement.

DERECOGNITION

Equity investments are derecognized in case of any sale that transfers all rights and rewards associated with their ownership.

In case significant influence or joint control can no longer be exercised, any residual investment shall be reclassified to the portfolios of financial assets in accordance with the IFRS 9.

6. Property, Plant and Equipment

CLASSIFICATION

"Property, plant and equipment" includes land, operating property, investment property, technical plants, furniture, furnishings and equipment of any type, works of art and property, plant and equipment inventories governed by IAS 2.

These assets are held to be used in production or supply of goods and services (property, plant and equipment used in operations in accordance with IAS 16), or to be rented out to third parties or for investment purposes (investment property governed by IAS 40) and are intended to be used for longer than one period.

This item also reports the rights-of-use of property, plant and equipment assets acquired with lease contracts in which the Bank is the lessee, irrespective of their specific legal form.

RECOGNITION

"Property, plant and equipment" items are initially recognized at cost, which includes, in addition to the purchase cost, all costs directly attributable to purchasing and placing the asset in service. Extraordinary maintenance expenses that increase the future economic benefits generated by such assets are recognized as an increase in the value of the assets, while ordinary maintenance costs are recognized in the Income Statement.

The initial measurement of the right-of-use asset includes the present value of future lease payments, the lease payments made on or before the lease contract effective date, initial direct costs and any estimated costs for dismantling, removal or restoration of the lease underlying asset, less any lease incentives received by the lessee.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Property, plant and equipment assets, including investment property and right-of-use assets, are measured at cost less depreciation and impairment.

These assets are systematically depreciated over their useful life on a straight-line basis, as reported in the table below:

Description	Duration
Land	No depreciation
Operating property	33 Years(1)
Other investment property	
- Other	33 Years(1)
- High-end property and property inventories (IAS2)	No depreciation
Furniture, fittings, alarm systems and vehicles	From 4 to 10 years
Computers and electronic equipment	From 3 to 10 years
Works of art	No depreciation

(1) It is specified that, in few specific cases and for specific property units, their useful life, appropriately calculated, may have different duration.

Lease right-of-use assets are depreciated on a straight-line basis over the lease term.

Properties are depreciated at a rate based on a useful life deemed fit to appropriately represent the deterioration of the assets over time due to use, taking into account any extraordinary maintenance costs, which increase the value of the asset, and ordinary maintenance costs, which maintain the value of the assets for longer periods of time. However, the assets' remaining useful life is verified on a regular basis.

The depreciation cost for property, plant and equipment is recognized in the Income Statement in the item "210 Net adjustments of/recoveries on property, plant and equipment".

The following assets are not depreciated:

- land, whether acquired separately or incorporated in the value of the building, since it has an indefinite useful life. Where its value is incorporated in the value of the building, under the components approach, the land is considered separable from the building. The division between the value of the land and the value of the building is based on appraisals by independent experts, only for buildings entirely owned by, and, therefore, fully available to the Group, including the land;
- High-end property;
- Property, plant and equipment inventories under IAS 2measured at the lower between their cost and net realizable value, that is to say their market value net of completion and selling costs;
- Works of art, as they have indefinite useful life and their value does not normally decrease over time.

If there is evidence of impairment of the asset, the asset's book value is compared to its recoverable value, that is to say the higher between their fair value and their value in use For more exhaustive reporting, please refer to paragraph "16 Other Information – Method to calculate impairment losses – Other non-financial assets".

Any adjustments are recognized in the Income statement under item "210 Net adjustments of/recoveries on property, plant and equipment".

If the reasons for impairment cease to exist, a writeback is recognized. The book value following the writeback shall not exceed the value the asset would have had, net of depreciation, in the absence of the prior writedown.

DERECOGNITION

Property, plant and equipment items are derecognized when disposed of or when the asset is permanently withdrawn from use and no future benefits are expected from its disposal.

7. Intangible assets

CLASSIFICATION

Intangible assets are non-monetary assets that are identifiable and not physical, stem from legal or contractual rights, are held to be used for several years and are expected to generate future economic benefits. The main types of intangible assets are:

- Software acquired from external sources or with licence for use;
- In-house developed software;
- Residual goodwill recognized as the difference between purchase cost and the *fair value* of the assets and liabilities acquired and contingent assets and liabilities recognized upon acquisition in accordance with the IFRS 3 determination criteria;
- The intangibles representing business with Customers are recognized subsequent to the application of IFRS 3.

RECOGNITION

Separately acquired and internally generated intangible assets are initially recognized at cost adjusted by any ancillary expenses, only if the economic benefits from the asset are likely to be generated and if its cost can be reliably determined. Otherwise, the intangible asset cost is recognized in the Income Statement for the period in which it is borne. Intangible assets acquired through business combinations are recognized at fair value as at the acquisition date.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, intangible assets are recognized net of the accumulated amortization and of any accumulated impairment losses. Intangible assets' useful life is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized over their useful life and are tested for impairment every time signals of possible impairment are detected. The amortization period and approach for intangible assets with finite useful life are reassessed at least at the end of every year. Changes in the expected useful life or in the modalities with which the future economic benefits linked to the assets occur, are recognized through the change of the period or amortization approach, as the case may be, and are considered as accounting estimate changes. Amortization of intangible assets with finite useful life is recognized in the Income Statement in the item "220 Net adjustments of/recoveries on intangible assets".

Generally, software useful life is estimated as being five years. In compliance with IAS 38, some large projects have been specifically identified and their useful life has been measured as being ten years. Intangibles consisting of business with Customers and recognized under IFRS 3 are assigned finite useful life, determined based on the available time series on the rates of customer turnover.

Intangible assets with indefinite useful life, including goodwill are not amortized, but are tested for impairment annually, both at individual level and at a cash-generating unit level.

The amount of any impairment is calculated based on the difference between the recoverable amount of the cash-generating unit and its carrying amount.

This recoverable amount is the higher of the fair value of the cash-generating unit, net of any selling costs, and its value in use. Any subsequent value adjustments are recognized in the Income Statement.

DERECOGNITION

Intangible assets are derecognized from the Balance Sheet when disposed of or when no future economic benefits are expected to be generated by the asset.

Profits or losses resulting from the derecognition of intangible assets are calculated as the difference between the net disposal revenue and the book value of the intangible asset and are recognized in the income statement for the year in which the derecognition is made.

8. Non-current assets/liabilities held for sale and discontinued operations

RECOGNITION, CLASSIFICATION, MEASUREMENT AND DERECOGNITION

"Non-current assets held for sale and discontinued operations" and "Liabilities in respect of assets held for sale" report non-current assets or groups of assets/liabilities which are in the process of being divested and for which a sale is considered highly probable. In case of transactions subject to authorization to be issued by Supervisory Authorities, the Group's accounting policy, since it attaches an essential value to such authorization, provides for "Non-current Assets/Liabilities and discontinued operations" to be recognized as from the date of receipt of the such authorization (whether express or tacit).

These assets/liabilities are measured at the lower between their book value and their fair value net of disposal costs, except for some types of assets – comprising for instance all financial instruments in IFRS 9 scope of application – to which, in accordance with IFRS 6, the measurement bases as per the reference standard shall continue to be applied.

Income and expenses linked to assets and liabilities held for sale and discontinued operations, if linked to discontinued operations under IFRS 5), are presented in the income statement, net of tax effects, in item "320. Profit (Loss) after tax from discontinued operations", while if linked to single non-current assets held for sale, they are recognized in the most appropriate item in the income statement.

"Discontinued operations" must be understood as an important self-standing part of business or geographical area of operations, also within a single coordinate divestment programme, or a subsidiary that has been acquired solely in order to be resold.

Non-current assets held for sale and discontinued operations are written off upon disposal.

9. Current and Deferred Taxes

These items report current and deferred tax assets and current and deferred tax liabilities, respectively, as regards income taxes.

Income taxes, calculated in accordance with the Italian tax legislation, are recognized on an accrual basis, consistently with the recognition of the costs and revenues generating them. Therefore, they represent the expense, equal to the balance of current and deferred tax assets and current and deferred tax liabilities, for taxes on income for the period. Income taxes are recognized in the Income Statement, except for those related to items debited or credited directly in equity, for which the related taxes are recognized, for consistency purposes, in equity.

The effects of current taxes and deferred tax assets and liabilities are recognized at the applicable tax rates.

Income taxes are calculated on the basis of forecasts of the current tax liability and deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are calculated on the basis of temporary differences – without time restrictions – between the value attributed to an asset or a liability pursuant to the Italian Civil Code and the corresponding values used for tax purposes.

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 of Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian “sister” companies, whose controlling Company is resident in a EU Member State, may exercise the option for consolidated taxation. This regime provides for the consolidated companies to transfer their taxable income (or their tax loss) to the Consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss of the Group for the Italian corporate income tax (IRES), as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland Revenue Agency. In the consolidating entity’s financial statements, the intra-group balances resulting from the tax consolidation scheme are reported under the “Financial assets measured at amortized cost – due from banks” item for the provisions for Corporate Income Tax (IRES) allocated by the scheme member entities net of withholdings due and down-payments made (in the “Financial liabilities measured at amortized cost – due to banks” item if the down-payments made are higher than the provisions). In the same financial statement items, the scheme member entities recognize the receivable or payable balances resulting from their respective taxable income contributions to the consolidating entity.

Deferred tax liabilities are calculated using the so-called balance-sheet liability method.

Deferred tax assets, relating to deductible temporary differences or future tax benefits that can be gained by carrying forward tax losses, are recognized to the extent their recovery is deemed likely and after the probability test, which is to be run on a yearly basis, in accordance with IAS 12.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the reserves subject to tax deferral arrangements, since the amount of available reserves already subject to taxation makes it likely that no taxable operations will be carried out.

Deferred tax assets and liabilities are recognized in the Balance Sheet with open balances without any offsetting, the former under the “Tax Assets” item, the latter under the “Tax Liabilities” one.

Deferred tax assets and liabilities are systematically measured to reflect any changes in tax regulations or rates, as well as in any other situation specifically applying to the Company. The effects are recognized in the Income Statement, except when these regard changes in the temporary differences in items for which accounting policies require recognition directly in equity, in which case the change in the deferred tax liability or asset is taken directly to equity.

Having regard to the Pillar 2 rules published by the Organization for Economic Co-operation and Development (OECD), the Group has applied the exception to the recognition and disclosure on deferred tax assets and liabilities related to the Pillar 2 income taxes, in accordance with IAS 12. Further disclosure is given in paragraph 1 Pillar II – Globe in Section 1 – Statement of compliance with the International Accounting Standards/International Financial Reporting Standards.

10. Provisions for risks and charges

This item comprises provisions for risks and charges when the following conditions are met:

- A present obligation (legal or implicit) exists resulting from a past event;
- It is likely that resources will have to be used in order to generate the economic benefits necessary to fulfil the obligation;
- The obligation amount can be reliably estimated.

If the time factor is significant, provisions for risks and charges are discounted. The allocation to provision is recognized in the Income Statement, which also reports interest expense accrued on provisions that have been discounted.

PROVISIONS FOR RISKS AND CHARGES REGARDING COMMITMENTS AND GUARANTEES GIVEN

This sub-item of the "provisions for risks and charges" item reports credit risk allowances recognized for commitment to disburse funds and for guarantees given within the scope of application of the impairment rules pursuant to IFRS 9. In principle, for these cases, the same methods apply for the allocation to the three credit risk stages and for the calculation of the expected loss as reported with regard to financial assets measured at amortized cost or at fair value through other comprehensive income.

POST-EMPLOYMENT BENEFITS

Pension plans, created pursuant to corporate agreements, qualify as "defined-benefit plans".

The liabilities referring to these plans and the relating social security costs for employees currently on staff are determined based on actuarial assumptions by applying the Projected Unit Credit (PUC) method. Under this method, future outlays are projected based on analyses of time series and the demographic curve and the discounting of these cash flows using market interest rates, as set forth in the relevant tables in the Notes to the Financial Statements.

Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

Actuarial profits and losses, defined as the difference between the liability book value and the present value of the commitments as at the reporting date, are fully recognized directly in equity, under the item "Valuation reserves".

OTHER PROVISIONS

Other provisions for risks and charges include provisioning for legal or other obligations associated with employment relationships or disputes, including tax disputes, resulting from a past event for which a cash outflow to settle the obligation is likely, granted that its amount can be reliably estimated.

Where the time factor is significant, provisions are discounted using current market rates. The amount allocated to provision is recognized in the Income Statement under item "200. Net provisions for risks and charges" and reports the increases in the provisions due to the passage of time.

This item also reports long-term employee benefits, the liabilities for which are determined using the same actuarial assumptions described for post-employment benefits. Actuarial gains and losses are immediately recognized in full in the Income Statement.

11. Financial liabilities measured at amortized cost

CLASSIFICATION

The "Due to banks", "Due to customers" and "Debt securities issued" items report all forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, bonds and other funding instruments issued, less any amounts repurchased.

This item also reports lease liabilities recognized by the entity as the lessee.

RECOGNITION

These financial liabilities are initially recognized upon the signing of the relevant contract, which is usually the date of receipt of the funds raised or of the issue of debt securities.

These financial liabilities are initially recognized at fair value, which usually is equal to the amount collected or the issue price plus any additional expenses/income that can be directly attributed to the single financing or issue transaction. Internal administrative expenses are excluded.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

Lease liabilities are recognized based on the present value of future lease payments still to be made as at the lease contract effective date in accordance with IFRS 16.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, these financial liabilities are measured at amortized cost with the effective interest rate method. The result of the application of this method is taken to the income statement in item "20 Interest and similar expenses". Accrued interest income on financial liabilities is recognized under item "10 Interest and similar income".

This does not apply to short-term liabilities which are recognized in the amount collected since the time factor is negligible.

After the lease contract effective date, the lessee shall redetermine its lease liabilities in order to take account of the changes to lease payments; the amount of the redetermined lease liabilities shall be recognized as an adjustment of the right-of-use assets.

DERECOGNITION

Financial liabilities are derecognised when they mature or are settled. Liabilities are also derecognized when previously issued securities are repurchased.

The difference between the liability book value and the amount paid to purchase such liability is recognized in the Income Statement under item 100 c) "Net profit (loss) on sale or repurchase of financial liabilities".

The subsequent placement of repurchased securities on the market is treated as a new issue and is recognized at the new placement price, with no effect through profit or loss.

12. Financial liabilities held for trading

RECOGNITION

These financial instruments are recognized, at the date of subscription or at the date of issue, at cost that is equal to the instrument fair value, without taking into account any directly attributable transaction costs or income.

CLASSIFICATION

This item also reports the negative value of derivative contracts held for trading, as well as the negative value of derivatives that are embedded in complex contracts but that are not strictly connected to such contracts.

It also includes liabilities originating from technical overdrafts generated by securities trading.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

All liabilities held for trading are measured at fair value through profit or loss.

For more information on fair value measurement, please refer to paragraph 16 “Other Information - Fair Value Measurement” and to “Part A.4 - Fair value reporting”.

Profits and losses on trading and any capital gains and losses on measurement of the trading book are recognized in the Income Statement under item “80. Net profit (loss) on trading activities”.

DERECOGNITION

Financial liabilities held for trading are derecognized when the contractual rights to the relevant cash flows expire or when the financial liability is sold with substantial transfer of all risks and rewards of ownership.

13. Financial liabilities designated at fair value

The Crédit Agricole Italia Banking Group has not exercised the fair value option for financial liabilities.

Financial liabilities may be designated at fair value if one of the following conditions is met:
- This classification allows to eliminate or significantly reduce any “accounting mismatching”;
- They belong to groups of liabilities that are managed and their performance is measured based on fair value, in accordance with an appropriately documented risk management strategy.

14. Foreign currency transactions

RECOGNITION

Transactions in a foreign currency are initially recognized in the reporting currency by translating the foreign currency amount at the exchange rate in force on the date of the transaction.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

At each financial reporting date, foreign currency items are measured as follows:
- Monetary items are translated at the exchange rate in force as at the reporting date;
- Non-monetary items measured at historical cost are translated at the exchange rate in force as at the transaction date;
- Non-monetary items measured at fair value are translated at the exchange rate in force as at the reporting date.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or the translation of previous Financial Statements, are recognized in the Income Statement for the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity.

Conversely, when a profit or a loss is recognized in the Income Statement, the related exchange rate difference is also recognized in the Income Statement.

15. Insurance assets and liabilities

The Financial Statements of the Group do not report any assets or liabilities bearing insurance risks.

16. Other Information

ADJUSTMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES IN MACRO-HEDGE PORTFOLIOS

These items report changes in the fair value of financial assets and liabilities macro-hedged against interest rate risk, based on their respective balances, either positive or negative. The recognition of hedges is reported in point 4 "Hedging" of this section.

LEASES

IFRS 16 "Leases" requires entities to determine whether a contract is (or contains) a lease, based on the right to control the use of an identified asset for a given period of time; therefore, rental, hire, lease or loan for use contracts are in the scope of application of the standard.

Leases in which the Group is the lessee

IFRS 16 provides for a single lessee accounting model, requiring lessees to apply it to both operating and finance leases, with the recognition of a Right of Use ("RoU").

Therefore, for all leases in which it is the lessee, the reporting entity shall recognize the items listed below in its balance sheet:

- Future lease payments, which shall be recognized under financial liabilities as Lease Liability, which reports the obligation to make future payments and is discounted at the incremental borrowing rate (the liability decreases in accordance with payments made and increases by the amount of accrued interest due);
- The right of use,recognized under Property, plant and equipment (RoU Asset) to be calculated as the sum of the lease liability, the initial direct costs, any payments made on or before the contract effective date (net of any lease incentives received) and of dismantling and restoration costs.

The following are recognized in the income statement:

- The expenses for depreciation of right of use asset over the lease term on a straight-line basis;
- Interest expense accrued on the financial liability.

In case of any subsequent "finance" sublease, the related right-of-use asset is derecognized and the account receivable for the financial sublease is concomitantly recognized,,amounting to the total contractual rent income discounted; interest income shall accrue on the recognized receivable, while any differences between the derecognized right of use and the recognized receivable shall be immediately taken to the income statement. Therefore, the head lease liability continued to be recognized and interest expenses shall accrue on it. In case of "operating" sublease, the rent income accrued and collected as the lessor shall be recognized in the income statement, continuing to recognize the right-of-use and the head lease liability, along with the related effects on profit or loss. An intermediate lessor shall assess whether the sublease is a finance or operating lease within the scope of the asset consisting in the right of use rather than in the underlying actual asset.

The Group exercised the options for the exemptions provided for by the standard listed below:

- Exclusion of short-term lease contracts, i.e. with duration of less than 12 months);
- Leases of low-value assets (lease contracts for assets with unit value of less than Euro 5 thousand).

Furthermore, it is specified that, based on the IFRS 16 requirements and the clarifications given by IFRIC (document "Cloud Computing Arrangements" of September 2018), software shall not fall in the IFRS 16 scope; therefore, all software shall be recognized in accordance with IAS 38 and the related requirements.

Leases in which the Group is the lessor

In accordance with IFRS 16, leases are considered finance leases if they transfer all risks and rewards of ownership; otherwise, leases are classified as operating leases.

For finance lease contracts entered into by the Crédit Agricole Italia Banking Group as the lessor, the leased assets are recognized as receivables in the Balance Sheet with a value equal to the lease net investment, while interest income (financial components of lease fees) is recognized in the Income Statement.

For operating leases, the lease payments accrued are recognized under the "Other income" item.

Sale and leaseback transactions

In a sale and leaseback transaction, an entity (seller-lessee) sells an asset to another entity (buyer-lessor) which then leases it back to the seller-lessee; therefore, under the lease contract, the seller-lessee keeps its right to use of the sold asset.

In order to determine the appropriate accounting treatment under IFRS 16, it must first be assessed whether the transaction qualifies as a sale complying with the IFRS 15 requirements.

If the transfer of the asset by the seller-lessee is assessed as a sale, the seller-lessee shall assess the asset consisting of the right of use under the leaseback at the percentage of the previous book value of the asset consisting of the right of use retained by the seller-lessee.
Consequently, the seller-lessee shall recognize only the amount of the gains or losses referring to the rights transferred to the buyer-lessor.
If the fair value of the consideration for the sale of the asset is not equivalent to the fair value of the asset or if the lease payments due are not at market prices, the sale proceeds at fair value shall consider that the below-market-price conditions shall be recognized as an advanced payment on the lease payments due and higher-than-market-price conditions shall be recognized as an additional loan supplied by the buyer-lessor to the seller-lessee.

If the transaction does not qualify as a sale under IFRS 15, the seller-lessee shall continue to recognize the transferred asset and a financial liability under IFRS 9 for the transfer proceeds; the buyer-lessor shall recognize a financial asset under IFRS 9 amounting to the transfer price.

TREASURY SHARES

Shares issued and bought back are recognized as a direct reduction in equity.
No gain or loss from the purchase, sale, issue or repayment of those instruments shall be taken to the Income Statement.
Each and every amount paid or received for those instruments shall be recognized directly in equity.

No company of the Banking Group holds shares in the Parent Company. Any treasury shares held by companies consolidated on a line-item basis and recognized under the “Treasury shares” item in the separate financial statements shall be reclassified under the “Reserves” item in the consolidated financial statements.

OTHER ASSETS

This item reports assets that cannot be classified under other asset items in the Balance Sheet. By way of example, this item may report:

- Gold, silver and precious metals;
- Accrued income other than capitalized on the related financial assets;
- Receivables associated with the supply of non-financial goods and services;
- Tax due and payables other than those recognized under item “110. Tax assets”.

It also reports leasehold improvement,expenses other than those recognized under item “90. Property, plant and equipment”, as they cannot be separated by the assets they refer to and, therefore, cannot be used separately. It can also report any remaining assets (“debt balance”) of transit and suspended items not recognized in the relevant accounts as long as their total amount is negligible. The costs of renovating leased property are capitalized in consideration of the fact that, for the duration of the lease, the lessee company has control over and enjoys the future economic benefits of the assets. The aforementioned costs are normally amortized in 5 years. The balancing item in the Income Statement of the above amortization is recognized under “Other operating expenses”.

Tax due and payables recognised in item "Other assets": purchase of Tax Credits from customers

The Crédit Agricole Italia Banking Group designed and implemented a service for the purchase of tax credits from Customers in accordance with the instructions given by the competent Authorities in document "Accounting treatment of the tax credits associated with the "Cure Italy" and "Relaunch" Italian Law Decrees purchased from the direct beneficiaries thereof or from previous purchasers" published on 5 January 2021 by the Coordination table between Consob, the Bank of Italy and Ivass regarding the application of the. IAS/IFRS.

In accordance with the applicable legislation and given that the accounting of tax credits purchased from a third party is not governed by any specific IAS/IFRS, the aforementioned policy makes reference to the accounting rules laid down by IFRS 9, provides for the purchased tax credits to be recognized as assets in the Balance Sheet under item 120 "Other assets", initially at their fair value, equal to the purchase price paid to the Customers. For the tax credits, the Crédit Agricole Italia Group has also adopted the Business Models given below:

- "Hold to collect", whereby the Crédit Agricole Italia Group recognizes the tax credits that were purchased to be held in order to be offset in the future. The tax credits under this business model are recognized with the amortized cost method under other assets and the income component of the rebate (delta between the credit nominal value and cash outflow) are recognized in the Income Statement under item 10 "Interest and similar income".
- "Hold to collect and sell", with first-time adoption as of 2023, whereby the Crédit Agricole Italia Group recognizes tax credits purchased in order to be offset in the future or to be sold. The tax credits under this business model are recognized at fair value through other comprehensive income.

Considering the constraints laid down by the applicable legislation concerning the use in time of the purchased tax credits, their amount has been determined based on future offsettable payments estimated first of all on a historical basis and in accordance with the applicable legislation currently in force, for the years in which the tax credits will be offset. It is pointed out that the total amount of tax credits that may be purchased under both the HTC and the HTCS Business Models shall be within the limits of the estimated tax capacity for future FYs. In order to mitigate the potential risk consisting in failure to offset the purchased tax credits, the estimate has been decreased by a conservative percentage of the annual offsetting capacity.

ACCRUALS AND DEFERRALS

Accrued income and prepaid expenses and accrued expenses and deferred income for the period on assets and liabilities are recognized as adjustments to the assets and liabilities they refer to.

EMPLOYEE SEVERANCE BENEFITS

Until 31 December 2006, the employee severance benefits of Italian companies were considered defined-benefit plans. The regulation of these benefits was amended by Italian Law No. 296 of 27 December 2006 (Italy's "2007 Finance Act") and subsequent Decrees and Regulations issued in the first months of 2007. In the light of such amendments, this item is now to be considered a defined-benefit plan exclusively for the portions accrued before 1 January 2007 (and not yet settled as at the reporting date), whereas, after such date, it is treated as a defined-contribution plan.

Therefore, with reference to the defined-benefit plan component the benefit cost is calculated separately for each plan using the actuarial unitary credit projection method. Under this method, future outlays are projected based on an analysis of time series and the demographic curve, and the discounting of these cash flows using a market interest rate. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

The plan servicing costs are recognized under personnel costs, include interests accrued, while the actuarial gains and losses, including the revaluation based on the relevant ISTAT (the Italian National Institute of Statistics) Index of the portions accrued in previous years, are recognized in a special equity reserve.

Having regard to the Employee severance benefit portions accrued in the reporting period, based on the employees' choice, the amounts are allocated to supplementary pension schemes or to the Treasury fund managed by INPS (Italian Social Security Institute). The portions allocated to the defined-contribution plan are calculated based on the contributions due for each year without applying actuarial calculation methods.

RECOGNITION OF REVENUES AND COSTS

Revenues are recognised when realized or when it is probable that future benefits will be received and these future benefits can be reliably determined. Specifically:

- interest revenues are recognized on an accrual basis, using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- Default interest, if any is contractually provided for, is recognized in the Income Statement only upon collection;
- Dividends are recognized in the income statement when their distribution is authorized;
- Revenues from intermediation of financial instruments held for trading, calculated as the difference between the transaction price and the instrument fair value, are recognized in the Income Statement when the transaction is recognized, if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded;
- Fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate;
- Fees and commission income from services are recognized, based on existing contractual agreements, in compliance with IFRS 15.

The net income from a transaction associated with the provision of services is recognised under Fee and Commission income at the time of transfer of control of the service to the customer, if this can be reliably estimated. This transfer may occur as the service is provided (ongoing service) or on a specific date (one-off service).

- Fee and commission income from ongoing services (fees and commissions on payment instruments, for example) shall be recognised through profit or loss according to the degree of progress of the service provided.
- Fees and commissions collected or paid as consideration for one-off services shall be fully recognized through profit or loss when the service is provided.

Fees and commissions to be paid or collected, or not yet earned, shall be progressively recognized as the performance obligation is satisfied over time. These estimates shall be updated at every reporting date. In practice, this condition can result in the deferred recognition of certain items of performance-related fee and commission income until such income has been definitively acquired.

Costs are recognized in the Income Statement on an accrual basis; the costs regarding the obtainment and performance of contract with customers are recognized in the Income Statement in the periods in which the related revenues are recognized.

CONTRIBUTIONS TO THE SINGLE RESOLUTION FUND

The Bank Recovery and Resolution Directive (BRRD – 2014/59/EU) lays down the resolution rules applying since 1 January 2015 to all the banks within the European Union.

The relevant measures shall be financed by the National Resolution Fund, which, on 1 January 2016, was merged into the Single Resolution Fund – SRF, managed by the Single Resolution Board – SRB.

As at 31 December 2023 the Single Resolution Fund reached the target level of financial means in compliance with Article 69(1) of Regulation (EU) no. 806/2014 (SRMR), equal to at least 1 % of the amount of covered deposits of all credit institutions authorised in all of the participating Member States. That target was achieved thanks to the payment of ex-ante annual contribution by the authorized institutions in the Member States; in normal conditions, under Council Implementing Regulation (EU) 2015/81, the contribution obligation may also be fulfilled with irrevocable payment commitments (IPC). For 2023, credit institutions were given the option to pay 77.5% only of their contribution concomitantly recognizing a commitment to disburse funds amounting to 22.5% of their total contribution, as done in the previous years. To secure full payment of the total contributions, intermediaries are required to give eligible assets as collateral, which may consist only of cash.

In 2023, the Bank of Italy, in its capacity as the Resolution Authority, informed the Italian Banks that are subject to the above regulation of the ordinary contribution due for the 2023 financial year, calculated pursuant to Delegated Regulations of the European Commission No. 2015/63 and Council Implementing Regulation no. 2015/81. This contribution was determined by the Single Resolution Board in cooperation with the Bank of Italy.

These contributions are recognized in the Income Statement under "Other administrative expenses". In accordance with IFRIC 21 "Levies" based on which the occurrence of the obligating event triggers recognition of the liability regarding the payment of a levy, as it is the moment in which the annual accrued portion of the obligation arises.

It is reported that the option to settle 22.5% of the total contribution through irrevocable payment commitments was exercised.

For FY 2024, in the light of the fact that the Single Resolution Fund target has been reached, no ex-ante contribution will be asked of the institutions of the Member States. Any contributions will be asked for only in case of specific circumstances or resolution actions entailing the use of the Single Resolution Fund.

CONTRIBUTIONS TO THE DEPOSIT GUARANTEE SCHEME

The Deposit Guarantee Scheme Directive - 2014/49/EU (DGSD) laid down an harmonized regulatory framework applying throughout the European Union on deposit guarantee schemes.

The Deposit Guarantee Scheme provides a coverage of Euro 100,000 per depositor. In Italy, it is managed by the Interbank Deposit Protection Fund. The Scheme requires member banks to give an *ex-ante* contribution, which is intended to achieve the financial target level, i.e. 0.8% of the amount of the covered deposits of all authorized credit institutions in all Member States, by 3 July 2024.

If the Scheme does not have the resources to intervene where needed, an extraordinary contribution (ex-post) may be requested.

These contributions are recognized in the Income Statement under "Other administrative expenses". In accordance with IFRIC 21 "Levies" based on which the occurrence of the obligating event triggers recognition of the liability regarding the payment of a levy, as it is the moment in which the annual accrued portion of the obligation arises.

BUSINESS COMBINATIONS

Business combinations are recognized in accordance with IFRS 3 "Business Combinations".

This standard requires business combinations to be recognized using the "acquisition method" of accounting, based on which assets, liabilities and contingent liabilities of the acquiree are measured at acquisition-date fair value.

Any portion of the price paid exceeding the acquisition-date fair values shall be recognized as goodwill or as other intangible assets; if the price is lower than acquisition-date fair value, the difference shall be taken to the Income Statement (badwill).

The "acquisition method" shall be applied from the acquisition date, i.e. the date on which control over the acquiree is actually obtained. Therefore, profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of its acquisition. Likewise, profit or losses of a subsidiary sold in the period are reported in the Consolidated Financial Statements up to the date on which control is transferred

Business combinations between entities under common control are not within IFRS 3 scope of application, nor are they governed by other IFRSs; therefore, these business combinations are defined in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Business combinations between entities under common control do not fall into the IFRS 3 scope of application. In the absence of any IAS/IFRS that specifically apply to the combination, IAS 8 provides for the pre parers of the entity‘s financial statements to use their judgment in applying an accounting policy that ensures relevant, reliable and prudent information and that reflects the economic substance of the business combination.

Therefore, "intra-group" business combinations or business combinations between "entities under common control" within the Crédit Agricole Italia Banking Group are recognized on a predecessor basis of accounting, i.e. preserving continuity of the acquiree's value in the acquirer's financial statements. Specifically, the values of the acquired assets and liabilities are recognized based on the amounts reported in the consolidated financial statements. If the price paid for the acquisition of the equity investment is different from the book value of the transferred entity, the difference is recognized through equity by the acquirer company.

FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) on the main (or more advantageous) market, irrespective of whether this price can be directly observed or is estimated using a valuation technique. Fair value is calculated for each financial asset or liability. As an exception, it can be estimated at a portfolio level, if the strategy for risk management and monitoring allows it and if appropriate documentation is provided. However, certain *fair value* parameters are calculated on a net basis, when a group of financial assets and financial liabilities is managed based on its net exposure to market or credit risks. This is the case for calculation of Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA) for derivatives.

More exhaustive reporting on these parameters is given in Part A.4 Fair value reporting of the Notes to the Financial Statements.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

For financial instruments, fair value is determined using prices from financial markets in the case of financial instruments listed in active markets, or using internal measurement models for other financial instruments.

A market is considered active if quoted prices, representing actual and regular market transactions occurring during an appropriate reference period, are readily and regularly available from sources such as stock exchanges, stockbrokers, intermediaries, industry companies, pricing services or authorized bodies. Collective investment schemes (EFT), spot exchange transactions, futures, options and equity securities listed on a regulated market are considered as traded on a market. Bonds for which at least two executable prices can be detected on a quotation service with a bid-asking spread that is less than an interval deemed consistent are also considered as quoted. Otherwise, all securities, derivatives and hedge funds that do not belong to the above categories are not considered as traded on an active market.

For financial instruments traded on active markets, the price is used which is defined as "official", as at the closure of the reference period. In the case of financial instruments for which the bid-ask spread is immaterial, or for financial assets and liabilities capable of offsetting market risk, a "mid price" is used, i.e. the average market price (on the last day of the reference period) instead of the bid or ask price.

Where there is no active, liquid market, the *fair value* of financial instruments is defined mainly by using standard measurement techniques designed to establish what the transaction price would have been on the measurement date in an arm's length trade carried out for normal market reasons. In incorporating all the factors that operators would consider in setting the price, development of the valuation models takes into account the time value of money at the risk-free rate, the volatility of the financial instrument, as well as, where applicable, exchange rates, commodity prices and stock prices.

With finance products for which the fair value determined with measurement techniques cannot guarantee a sufficient degree of reliability, the value is prudentially calculated as the fair value at the reference date communicated by the parties with which the transactions were signed.

The measurement method chosen for a financial instrument is applied consistently over time and may only be altered if significant changes in market conditions or the subjective condition of the issuer of the financial instrument occur.

For bonds and derivative contracts, valuation models have been set, which refer to market parameters, to the time value of money and to risk-free rates.

Specifically, fixed-rate bonds are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms and specific numerical procedures according to the type of the different categories of transactions.

Stocks are measured considering the direct transactions, that is, significant transactions on the security registered in a sufficiently short timeframe with respect to the time of measurement and in constant market conditions, comparable transactions by companies operating in the same sector and supplying the same type of products/services as the associated company being evaluated provides, application of the average of significant stock exchange multiples of companies of a comparable financial size to the financial aggregates of the investee and, finally, financial, income and equity measurement methods.

For units in funds resulting from loan management initiatives, an estimate of the Fund made by an independent expert is used.. If the asset management undertaking does not provide that estimate, the NAV communicated by the undertaking is reduced by a discount determined in accordance with market practices.

All the other funds not resulting from loan management initiatives are measured applying a discount determined in accordance with the market practices.

ASSETS AND LIABILITIES NOT MEASURED AT *FAIR VALUE* OR MEASURED AT *FAIR VALUE* ON A NON-RECURRING BASIS

For financial instruments held for sale and for those assets and liabilities recognized at cost or amortized cost, the *fair value* given as disclosure in the Notes to the Financial Statements is calculated as follows:

- The fair values of medium/long-term assets and liabilities not hedged and at floating rate are measured by discounting future cash flows, taking account of the liquidity and issue spread;
- A good approximation of the fair value of demand or short-term assets and liabilities is their book value as initially recognized and net of collective/individual writedowns;
- The book value of non-performing loans (bad loans, unlikely-to-pay and past-due positions) is deemed to be a reasonable *fair value* approximation;
- For the Senior notes under the securitizations and for the Agricole Basket Bond security, the measurement is based on the Discounted Cash Flow Model, with the discounting of expected cash flows (including principal plus interests, estimated based on the latest available business plan and following the payment cascade defined in the securitization prospectus) at a discount rate that takes into account the risk free rate component plus an issue, liquidity and credit spread.

For the fair value measurement of medium/long-term and fixed-rate securities and structured securities hedged for interest risk, the book value determined for hedge accounting purposes already takes into account the interest rate risk measurement and, therefore, in determining the fair value any change in own credit rating was taken into account, considering it within the Group.

The fair value of real estate assets is calculated making reference to appraisals by independent experts, considering transactions at current prices in an active market for similar properties in the same geographical area and under the same conditions for leases and other contracts.

AMORTIZED COST MEASUREMENT

The amortized cost of a financial asset or financial liability is the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity, and minus any impairment loss.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the financial asset or liability up to maturity or the subsequent repricing date to the present value of the financial asset or liability. To calculate the present value, the effective interest rate is applied to future cash flows or payments over the life of the financial asset or liability or for a shorter period of time under certain conditions (for example, changes in market rates).

Subsequent to initial recognition, the amortized cost method makes it possible to allocate revenues and costs pertaining to the instruments over their expected lifetime. The determination of the amortized cost varies according to whether the financial assets/liabilities being measured are at fixed or variable rate, and – in the latter case – according to whether the rate variability is known or not beforehand. For fixed-rate instruments, or instruments with fixed rate over specified time ranges, future cash flows are measured using the known interest rate (single or variable) over the life of the loan. For floating rate financial assets and liabilities whose variability is not known ahead of time (e.g. because it is linked to an index), cash flows are determined using the last known rate. Each time the rate is changed, the amortization schedule is recalculated, as is the effective rate of return over the entire useful life of the instruments, i.e. to maturity.

Measurement at amortized cost applies to financial assets measured at amortized cost and to financial assets measured at fair value through other comprehensive income, as well as to financial liabilities measured at amortized cost.

Financial assets and liabilities are initially recognized at fair value, which is normally equal to the amount received or paid, including, for instruments measured at amortized cost, directly attributable transaction costs, fees and commissions. Transaction costs are marginal internal or external costs or revenues that are directly attributable to the issue, acquisition or disposal of a financial instrument and that cannot be charged to the customer. These fees and commissions, which must be directly attributable to individual financial assets or liabilities, affect the original effective rate of return and cause the effective interest rate associated with the transaction to vary from the contractual interest rate. Transaction costs do not include costs and revenues that apply, indiscriminately, to more than one transaction and do not include components relating to events that could occur over the life of the instruments that are not certain at the time the instrument is initially prepared, such as: commissions for retrocession, failure to use a credit line, early repayment.

Furthermore, the amortized cost calculation does not take account of the costs that the Group would bear independently of the transaction (for example, administrative costs), of the costs that, though specifically attributable to the transaction, fall within normal loan management practices (for example, activities associated with disbursement of the loan), as well as fees and commissions for services collected for the completion of Structured Finance operations, which would however have been collected irrespectively of the subsequent financing of the transaction (such as, for example, arrangement fees and commissions).

With specific regard to loans, the fees and commissions paid to the distribution channels, the fees paid for advisory services/assistance for the organization of and/or participation in syndicated loans, the costs incurred for the mortgage loans acquired under subrogation are all costs attributable to the financial instruments.

With regard to securities not measured at “fair value through profit or loss”, transaction costs include fees and commissions on contracts with stockbrokers operating in Italian markets, fees and commissions paid to intermediaries operating in foreign stock and bond markets based on set fee and commission schedules.

For securities issued, amortized cost is calculated taking into account fees and commissions for placing debenture loans paid to third parties, legal expenses, fees paid to stock exchanges and fees paid to auditors for work done on each individual issue, while the amortized cost excludes fees and commissions paid to rating agencies, legal and advice/audit expenses for the annual update of prospectuses, expenses for the use of indices and fees and commissions that arise during the life of the debenture loan issued.

Following initial measurement, financial assets and liabilities are measured at amortized cost, reporting effective interest rates that are higher or lower than the nominal rates.

Hedged financial assets and liabilities, for which changes in fair value with respect to the hedged risk are recognized in the income statement, are not measured at amortized cost. However, the financial instrument is once again measured at amortized cost where the hedge terminates. From that moment, previously recognized changes in fair value are amortized, calculating the new effective interest rate that takes account of the value of the loan adjusted for the fair value of the hedged item, up to the originally scheduled expiry of the hedge. Moreover, as previously stated in the section on measuring loans and receivables, debt and debt securities issued, the amortized cost method does not apply to short-term financial assets and liabilities since the impact of discount is negligible, and does not apply to loans without a specified maturity or loans subject to revocation.

IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment if there is evidence that the book value of the asset can no longer be recovered.

The recoverable amount is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable amount, that asset is impaired and consequently recognized at its recoverable amount. The recoverable amount is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

The fair value of property is mainly determined on the basis of appraisals by independent experts. The appraisal is updated whenever there is a change in the property market trend that could affect the validity of the previous estimates and, in any case, every three years. Impairment is recognized only if significant and durable deviations are found in the carrying amount vs. the market value.

For other Property, plant and equipment items and intangible assets (other than goodwill), the Group determines the value in use as the present value of the estimated future cash flows using a discount rate before-taxes reflecting market data (the present value of money and asset-specific risks).

The methods used for the impairment testing of goodwill are reported in point No. 10.3 - Assets.

SEGMENT REPORTING METHOD

The Crédit Agricole Italia Banking Group is required to present segment reporting, in accordance with IFRS 8.

The sectors of economic activity covered by segment reporting are determined based on the Group's organizational and management structure.

The Group's business segments are:

- Retail/Private Banking (which includes the Financial Advisors channel and the Digital Business Unit);
- Corporate Banking;
- Other Non-recurring elements.

For segment reporting purposes, management figures, appropriately reconciled with the data presented in the reclassified Financial Statement figures, have been used.

A.3 REPORTING ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

A.3.1 *Transfers between portfolios.*

This case does not apply.

A.4 FAIR VALUE REPORTING

QUALITATIVE DISCLOSURES

CLASSIFICATION OF FINANCIAL INSTRUMENTS AND OF NON-FINANCIAL ASSETS/LIABILITIES

Reporting on the fair value hierarchy as required by IFRS 13 applies to financial instruments and to non-financial assets/liabilities that are measured at fair value (irrespectively of whether they are so measured on a recurring or non-recurring basis).

The standard classifies fair value into three different levels based on the observability of the inputs used for its measurement:

- **Level 1:** *Fair value equal to quoted prices (with no adjustments) in active markets.* Level 1 includes financial instruments that are quoted on active markets.

  Specifically, these financial instruments are stocks and bonds quoted in active markets, investment schemes quoted in active markets (EFT) and derivatives traded in regulated markets.

  Markets are considered active if the quotations are easily and regularly available on the stock exchange, from brokers, intermediaries, price quotation services or regulatory agencies and these prices represent actual transactions that are regularly carried out in the market on an arm's length basis.

- **Level 2:** *Fair value determined using measurement models that are based on observable or indirectly observable market inputs (for example determining the yield curve based on interest rates that are directly observable on the market at a given reference date).* Level 2 includes:
  - Stocks and bonds that are quoted on markets considered inactive or that are not quoted on an active market, but whose fair value is determined using a measurement model based on observable or indirectly observable inputs;
  - Financial instruments whose fair value is determined with measurement models using observable market inputs.
- **Level 3:** *Fair value determined, to a significant extent, using inputs that do not meet the set observability requirements.*
- *The fair value of some complex instruments that are not traded in active markets is determined with measurement techniques based on inputs that are not observable on the market*. They are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

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

Level 2: this level includes all financial instruments for which there is no active market, but whose measurement is based on observable market inputs. Therefore, measurement models that refer to observable market inputs have been set.

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms according to the type of the different categories of transactions.

Level 3: this level includes all financial instruments for which there is no active market and whose measurement is not based on observable market inputs or using the measurement communicated by qualified market players.

CREDIT VALUATION ADJUSTMENT (CVA) AND DEBIT VALUATION ADJUSTMENT (DVA)

In accordance with the IFRS 13 regulatory framework, derivatives shall be priced based on market factors, as well as on the possible effects of the risk of the counterparty's default, which comprises the risk associated to the counterparty's creditworthiness, by calculating the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA is the value adjustment of an OTC derivative contract entered into by the Bank with an external counterparty, which reflects the possible loss resulting from the worsening of the creditworthiness/default of the counterparty. In a mirror-like way, the DVA expresses the CVA from the external counterparty's standpoint and consists in an adjustment of the derivative fair value based on the change in the creditworthiness of the Bank.

Based on the above, the value of a portfolio of OTC derivatives that are in force with a market counterparty is equal to the value of the same risk-free portfolio less the CVA plus the DVA.

As provided for by IFRS13, in certain conditions, risk mitigation tools may be used, such as ISDA master agreements and Credit Support Annexes (CSA). By signing ISDA Master Agreements, which are framework agreements that amount to the reference international standard on OTC derivatives, the Bank can calculate the CVA and DVA by netting set or by counterparty, after assessing the netting effect potentially resulting from such Agreements, rather than calculating it by single derivative. Much in the same way, risks can be mitigated by finalizing Credit Support Annexes (CSA), which are attached to the ISDA Mater Agreement and provide for the deposit with the creditor of an amount equal to the mark-to-market value of the exposure as collateral. Such collateral allows the present exposure and the consequent risk to be reduced and must be periodically reviewed in order to verify its consistency.

In accordance with IFRS 13, the Crédit Agricole Italia Banking Group has adopted a model implemented by its French Parent Company Crédit Agricole SA; in addition to the effects of any changes in the counterparty's creditworthiness (Credit Valuation Adjustment – CVA), this model also expresses any changes in the Group's creditworthiness (Debit Value Adjustment – DVA).

In accordance with the model, the calculation of the CVA depends on the exposure, on the probability of default (PD) and on the Loss Given Default (LGD) of the counterparties. This model provides for the use of a forward-looking PD as a function of the type of counterparty, to which a CDS spread or a CDS proxy is assigned. For this purpose, external counterparties are classified into three categories:
- The first category includes the counterparties for which CDS input parameters are directly observable in the market;
- The second category includes counterparties for which there is no official quoted parameter, but to which a CDS proxy can be assigned, based on the observable market value that is given to counterparties with the same characteristics in terms of economic activity sector, rating and geographical area;
- The third category includes the counterparties to which a proxy cannot be assigned and for which, therefore, historical data are used.

On the other hand, the DVA calculation depends on the Bank's exposure, probability of default (PD) and Loss Given Default (LGD) and this measure expresses the potential earnings from the change in the market prices of the relevant derivative, due to the worsening of the creditworthiness/default of the Bank. In this case , a PD is used.

As at 31 December 2023, the CVA value for the Crédit Agricole Italia Banking Group, calculated in accordance with the method reported above, was Euro -2.26 million.

Similarly, as at 31 December 2023, the DVA value was Euro 1.95 million.

The difference between the CVA and DVA amounts as calculated (equal to Euro -0.30 million for the Group), net of the same component already recognized as at 31 December 2022 (equal to Euro +2.13 million), is a negative income component.

A.4.2 Processes and sensitivity of measurement

The Finance Department of Crédit Agricole Italia S.p.A. is responsible for defining the fair value levels of the financial instruments recognized. Choosing between the above methods is not an option, since they shall be applied in a hierarchical order: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

IFRS 13 also requires that, for recurring fair value measurements classified as Level 3 of the fair value, a narrative description be given of the sensitivity of the fair value measurement to changes in unobservable inputs, if a change in those inputs could result in a significantly higher or lower fair value measurement.

Indeed, unobservable inputs that can affect the measurement of financial instruments classified as Level 3 mainly consist in estimates and assumptions underlying the models used to measure investments in equity securities and OTC derivatives. For these investments no quantitative sensitivity analysis of the fair value based on the change in unobservable inputs was carried out, since either the fair value was obtained from third-party sources without any adjustments or resulted from a model whose inputs are specific for the entity being measured (for example the company equity values) and for which alternative values cannot be reasonably assumed.

Reference is made to the breakdown analysis of the composition of these cases, which is reported in the next section on quantitative disclosures.

A.4.3 Fair value hierarchy

For the assets and liabilities recognized, the Finance Department assesses whether transfers between fair value levels have occurred and reviews the fair value categorization at each reporting date.

The Finance Department moves financial instruments from Level 1 to Level 2 only in case of financial instruments that are quoted in a regulated but not active market and that can be measured using the Group's internal standard pricing models. The Finance Department makes transfers to Level 3 only for financial instruments that are no longer listed in a regulated market and that cannot be measured using standard internal pricing models of the Group.

A.4.4 Other information

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

QUANTITATIVE DISCLOSURES

A.4.5 Gerarchia del *fair value*

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

Financial Assets/Liabilities measured at fair value	31 Dec 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value throught profit or loss o/w	103	198,400	153,014	88	331,834	186,789
a) financial assets held for trading	90	198,400	1	88	331,834	60
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	13	-	153,013	-	-	186,729
2. Financial assets measured at fair value through other comprehensive income	3,615,360	211,271	42,099	3,255,763	211,271	52,984
3. Hedging derivatives	-	863,622	25	-	1,318,583	63
4. Property, Plant and Equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**3,615,463**	**1,273,293**	**195,138**	**3,255,851**	**1,861,688**	**239,836**
1. Financial liabilities held for trading	-	198,241	-	-	328,990	59
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	2,061,837	77,703	-	3,045,592	769,942
Total	**-**	**2,260,078**	**77,703**	**-**	**3,374,582**	**770,001**

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

In 2023 there were no significant transfers of assets and liabilities between fair value levels.

The impact of applying CVA and DVA on the fair value measurement of the derivatives held by the Crédit Agricole Italia Banking Group for trading and hedging came to Euro -0.30 million.

A.4.5.2 Changes for the year in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured a fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible Assets
	Total	Of which: a) financial assets held for trading	Of which b) financial assets designated at fair value	Of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**186,789**	**60**	**-**	**186,729**	**52,984**	**63**	**-**	**-**
2. Increases	**24,008**	**51**	**-**	**23,957**	**1,217**	**-**	**-**	**-**
2.1 Purchases	17,383	48	-	17,335	212	-	-	-
2.2 Profits	-	-	-	-	-	-	-	-
2.2.1 Income Statement	6,502	2	-	6,500	-	-	-	-
- of which: capital gains	919	-	-	919	-	-	-	-
2.2.2 Equity	-	X	X	X	1,005			
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	123	1	-	122	-	-	-	-
3. Decreases	**57,784**	**110**	**-**	**57,673**	**12,102**	**38**	**-**	**-**
3.1 Sales	18,206	50	-	18,156	955	-	-	-
3.2 Repayments	35,299	59	-	35,240	780	-	-	-
3.3 Losses	-	-	-	-	-	-	-	-
3.3.1 Income Statement	3,926	-	-	3,925	-	38	-	-
- of which: capital losses	3,926	-	-	3,925	-	-	-	-
3.3.2 Equity	-	X	X	X	10,366	-	-	-
3.4 Transfers to other levels	142	-	-	142	1	-	-	-
3.5 Other decreases	211	1	-	210	-	-	-	-
4. Closing Balance	**153,013**	**1**	**-**	**153,013**	**42,099**	**25**	**-**	**-**

A.4.5.3 Changes for the year in liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at f air valuee	Hedging derivatives
1. Opening balance	**59**	**-**	**769,942**
2. Increases	**-**	**-**	**5,192**
2.1 Issues	-	-	-
2.2 Losses recognized in:	-	-	5,192
2.2.1 Income Statement	-	-	5,192
- of which Capital losses	-	-	5,192
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**59**	**-**	**697,431**
3.1 Repayments	59	-	697,431
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	**-**	**-**	**77,703**

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31 Dec. 2023				31 Dec. 2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	71,765,202	4,645,549	2,331,597	62,458,213	81,519,206	11,598,893	5,523,511	63,805,985
2. Investment property	153,756	-	-	183,896	156,327	-	-	178,379
3. Non-current assets held for sale and discontinued operations	9,104	-	-	9,104	2,283	-	-	2,283
Total	**71,928,062**	**4,645,549**	**2,331,597**	**62,651,609**	**81,677,816**	**11,598,893**	**5,523,511**	**63,986,647**
1. Financial liabilities measured at amortized cost	81,770,827	-	78,017,108	3,658,739	83,708,908	-	82,636,082	1,131,054
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**81,770,827**	**-**	**78,017,108**	**3,658,739**	**83,708,908**	**-**	**82,636,082**	**1,131,054**

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

The book value recognized for non-performing loans, classified at Level 3 of the fair value hierarchy is assumed to be a reasonable approximation of the fair value.

For more details, please see Part A.2 – Part reporting on the main financial statement items – Impairment for credit risk – ECL governance and measurement. On the other hand, it is pointed out that the fair value of performing loans, classified at Level 3, as reported in the table, has been calculated based on models that use mainly unobservable inputs (e.g: internal risk parameters). Therefore, for these loans (stage 1 and stage 2), also because there is no secondary market, the fair value recognized, for disclosure purposes only, could be significantly different from the prices of any disposals.

A.5 – REPORTING ON “DAY ONE PROFIT/LOSS”

Paragraph 28 of IFRS 7 governs the specific situation where, in case of purchase of a financial instrument that is measured at fair value but not listed on an active market, the transaction price, which generally is equal to the fair value best estimate upon initial recognition, is different from the fair value determined based on the measurement techniques used by the entity.

In this case, a measurement profit/loss is realized upon acquisition, which shall be adequately reported by financial instrument class.

It is pointed out that this case does not apply to the Group Consolidated Financial Statements.

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
a) Cash	484,601	523,575
b) Current accounts and demand deposits with Central Banks	9,524,997	2,084,995
c) Current accounts and deposits with Banks	374,052	267,811
Total	**10,383,650**	**2,876,381**

Item b) Current accounts and demand deposits with Central Banks also reports the overnight and tom-next deposits with the Bank of Italy.

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
A. On-balance-sheet assets						
1 Debt securities	89	-	-	87	-	-
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	89	-	-	87	-	-
2. Equity securities	1	-	1	1	-	1
3. Units of O.I.C.R. collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements for lending purposes	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**90**	**-**	**1**	**88**	**-**	**1**
B. Derivatives						
1 Financial Derivatives	-	198,400	-	-	331,834	59
1.1 held for trading	-	198,400	-	-	331,834	59
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit Derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**-**	**198,400**	**-**	**-**	**331,834**	**59**
Total (A+B)	**90**	**198,400**	**1**	**88**	**331,834**	**60**

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

The decrease in item "Derivative instruments" resulted mainly from the change in measurement component.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY DEBTOR/ ISSUER/COUNTERPARTY

Items/Values	31 Dec. 2023	31 Dec. 2022
A. On-balance-sheet assets		
1. Debt securities	89	87
a) Central Banks	-	-
b) Public administration bodies	87	85
c) Banks	2	2
d) Other financial companies	-	-
of which: insurance undertakings		
e) non-financial corporations	-	-
2. Equity securities	**2**	**2**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance undertakings	-	-
c) non-financial corporations	2	2
d) Other issuers	-	-
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total (A)	**91**	**89**
B. Derivatives		
a) Central counterparties	-	-
b) Other	198,400	331,893
Total (B)	**198,400**	**331,893**
Total (A+B)	**198,491**	**331,982**

The trading book consists mainly of Over-The-Counter derivatives traded on a matched basis (back-to-back trading). The mismatch vs. the measurement of derivatives held for trading recognized in the "Financial liabilities held for trading" item resulted from the CVA/DVA application to fair value measurement, as reported in Part A.4 Fair value reporting of Accounting Policies.

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**1,345**	**-**	**-**	**1,433**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	1,345	-	-	1,433
2. Equity securities	**13**	**-**	**5,803**	**-**	**-**	**23,865**
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**	**145,865**	**-**	**-**	**161,431**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**13**	**-**	**153,013**	**-**	**-**	**186,729**

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

Item 1.2 "Other debt securities" reports the 5% retained portion of the mezzanine and junior notes within the securitization of a NPL portfolio.

Item 2 "Equity securities", amounting to Euro 5,816 thousand, reports the investments in the following companies: Friulia for Euro 4,4671 thousand, Finapp for Euro 500 thousand, Flowpay for Euro 240 thousand, Blue Economy for Euro 226 thousand, Ener2Crowd for Euro 166 thousand and Banca Popolare di Puglia e Basilicata for Euro 13 thousand.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	31 Dec. 2023	31 Dec. 2022
1. Equity securities	**5,816**	**23,865**
of which: banks	13	142
of which: other financial companies	4,897	13,699
of which: non-financial corporations	906	10,023
2. Debt securities	**1,345**	**1,433**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	1,345	1,433
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
3. Units of O.I.C.R. collective investment undertakings	**145,865**	**161,431**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	**153,026**	**186,729**

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

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**3,615,157**	**-**	**-**	**3,240,500**	**-**	**-**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	3,615,157	-	-	3,240,500	-	-
2. Equity securities	**203**	**211,271**	**42,099**	**15,263**	**211,271**	**52,984**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,615,360**	**211,271**	**42,099**	**3,255,763**	**211,271**	**52,984**

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

As at the reporting date, the exposure in debt securities came to a total of Euro 3,615 million and consisted of Italian government securities.

Among equity securities at level 2, the item reports 8,438 shares in the Bank of Italy, equal to 2.81% of its entire share capital. As at the reporting date their book value was Euro 211 million.

These shares resulted mainly from the share capital increase that the Bank of Italy made in 2013 in accordance with Italian Decree Law no. 133 of 30 November 2013, converted with Italian Law no. 5 of 29 January 2014, which determined the issue of new shares.

Level-3 equity securities include the equity investments in Alba Leasing S.p.A. amounting to Euro 20,564 thousand, Crédit Agricole Group Infrastructure Platform amounting to Euro 3,508 thousand, Cassa di Risparmio di Volterra amounting to Euro 3,196 thousand and Astaris SFP amounting to Euro 2,071 thousand.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Debt securities	**3,615,157**	**3,240,500**
a) Central Banks	-	-
b) Public administration bodies	3,615,157	3,240,500
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) Financial companies	-	-
2. Equity securities	**253,573**	**279,518**
a) Banks	214,467	214,467
b) Other issuers:	39,106	65,051
- other financial companies	23,344	46,658
of which: insurance undertakings	-	15,103
- non-financial corporations	15,762	18,393
- other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	**3,868,730**	**3,520,018**

Line 2.a) reports also the value of the shareholding in the Bank of Italy amounting to Euro 211 million.

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	3,620,769	3,620,769	-	-	-	5,612	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2023	**3,620,769**	**3,620,769**	**-**	**-**	**-**	**5,612**	**-**	**-**	**-**	**-**
Total 31 Dec. 2022	**3,246,659**	**3,246,659**	**-**	**-**	**-**	**6,159**	**-**	**-**	**-**	**-**

(*) Value to be stated for disclosure purposes.

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

4.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE FROM BANKS

Type of transactions/Values	31 Dec. 2023						31 Dec. 2022					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
A. Claims on Central Banks	**661,846**	**-**	**-**	**-**	**661,846**	**-**	**653,923**	**-**	**-**	**-**	**653,923**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirement	628,994	-	-	X	X	X	626,640	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	32,852	-	-	X	X	X	27,283	-	-	X	X	X
B. Due from Banks	**1,669,475**	**378**	**-**	**-**	**1,669,751**	**102**	**4,869,316**	**372**	**-**	**-**	**4,869,588**	**100**
1. Loans	1,669,375	378	-	-	1,669,751	2	4,869,216	372	-	-	4,869,588	-
1.1 Current accounts	-	-	-	X	X	X	7	-	-	X	X	X
1.2 Time deposits	3,069	-	-	X	X	X	1,503,643	-	-	X	X	X
1.3 Other loans:	1,666,306	378	-	X	X	X	3,365,566	372	-	X	X	X
- Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Loans for leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,666,306	378	-	X	X	X	3,365,566	372	-	X	X	X
2. Debt securities	**100**	**-**	**-**	**-**	**-**	**100**	**100**	**-**	**-**	**-**	**-**	**100**
2.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	100	-	-	-	-	100	100	-	-	-	-	100
Total	**2,331,321**	**378**	**-**	**-**	**2,331,597**	**102**	**5,523,239**	**372**	**-**	**-**	**5,523,511**	**100**

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

4.2 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

Type of transactions/ Values	31 Dec. 2023						31 Dec. 2022					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
Loans	**62,966,798**	**1,052,674**	**-**	**-**	**-**	**61,767,385**	**62,297,496**	**1,159,771**	**-**	**-**	**-**	**62,940,346**
1.1 Current accounts	2,938,288	120,214	-	X	X	X	2,908,173	174,760	-	X	X	X
1.2 Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgage loans	42,239,669	787,572	-	X	X	X	42,318,403	833,301	-	X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from salaries/pensions	220,861	2,158	-	X	X	X	328,508	4,956	-	X	X	X
1.5 Lease loans	2,793,110	47,991	-	X	X	X	2,441,775	79,045	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other loans	14,774,870	94,739	-	X	X	X	14,300,637	67,709	-	X	X	X
Debt securities	**4,897,483**	**516,548**	**-**	**4,645,549**	**-**	**690,726**	**12,537,280**	**1,048**	**-**	**11,598,893**	**-**	**865,539**
2.1 Structured Securities	19,222	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	4,878,261	516,548	-	4,645,549	-	690,726	12,537,280	1,048	-	11,598,893	-	865,539
Total	**67,864,281**	**1,569,222**	**-**	**4,645,549**	**-**	**62,458,111**	**74,834,776**	**1,160,819**	**-**	**11,598,893**	**-**	**63,805,885**

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

As regards the values in the first and second stages, the most significant sub-items are reported below:

- Item “1.3. Mortgage loans” also reports loans pledged as collateral for the issues of covered bonds amounting to Euro 14.4 billion;
- Item “1.5 Lease loans” reports lease receivables resulting from finance sublease transactions on property lease contracts;
- Item “2.2 Other debt securities” reports almost exclusively Italian Government securities.

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY DEBTOR/ISSUER OF LOANS TO CUSTOMERS

Type of transactions/Values	31 Dec. 2023			31 Dec. 2022		
	Stage 1 and 2	Stage 3	POCI assets	Stage 1 and 2	Stage 3	POCI assets
1. Debt securities	4,897,483	516,548	-	12,537,280	1,048	-
a) Public administration bodies	4,655,255	-	-	11,667,781	-	-
b) Other financial companies	206,223	516,273	-	841,022	-	-
of which: insurance undertakings	-	-	-	-	-	-
c) non-financial corporations	36,005	275	-	28,477	1,048	-
2. Loans to:	62,966,798	1,052,674	-	62,297,496	1,159,771	-
a) Public administration bodies	273,157	44	-	289,385	34	-
b) Other financial companies	4,888,889	23,163	-	6,052,973	12,508	-
of which: insurance undertakings	122,956	1	-	98,892	1	-
c) non-financial corporations	25,163,919	632,685	-	23,959,862	774,038	-
d) Households	32,640,833	396,782	-	31,995,276	373,191	-
Total	**67,864,281**	**1,569,222**	**-**	**74,834,776**	**1,160,819**	**-**

4.4 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs (*)
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	4,904,792	4,904,792	-	522,074	-	7,209	-	5,526	-	-
Loans	57,938,807	-	7,768,256	2,479,923	-	74,146	334,898	1,426,871	-	40,308
Total 31 Dec. 2023	**62,843,599**	**4,904,792**	**7,768,256**	**3,001,997**	**-**	**81,355**	**334,898**	**1,432,397**	**-**	**40,308**
Total 31 Dec. 2022	**76,926,615**	**12,556,691**	**3,828,913**	**2,669,683**	**-**	**171,374**	**226,137**	**1,508,494**	**-**	**44,956**
of which: New liquidity granted with state guarantee given for COVID-19	2,222,010	-	703,942	139,390	-	5,280	36,758	55,195	-	-

(*) Value to be stated for disclosure purposes.

Section 5 – Hedging derivatives – Item 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY LEVEL

	Fair value 31 Dec. 2023			NV 31 Dec. 2023	Fair value 31 Dec. 2022			NV 31 Dec. 2022
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**863,622**	**25**	**13,589,001**	**-**	**1,318,583**	**63**	**14,107,595**
1) Fair value	-	863,622	25	13,589,001	-	1,318,583	63	14,107,595
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**863,622**	**25**	**13,589,001**	**-**	**1,318,583**	**63**	**14,107,595**

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

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments In foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	105,299	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	668,433	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**773,732**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	89,915	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**89,915**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve. The “Hedging Derivatives” item referring to financial liabilities measured at amortized cost came to Euro 668,433 thousand, of which Euro 574,742 thousand for hedging mortgage loans and Euro 93,691 thousand for hedging securities measured at amortized cost. Specifically, the hedged item is limited to the portion referring to interest rate risk.

The “Hedging Derivatives” item referring to financial liabilities consisted of Euro 57,018 thousand for hedges on demand deposits and of Euro 32,897 thousand for debenture loans, limited to interest rate risk Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a “fictitious” bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 6 – Fair value change of financial assets in macro-hedge portfolios – Item 60

6.1 FAIR VALUE CHANGE OF HEDGED ASSETS: BREAKDOWN BY HEDGED PORTFOLIO

Adjustments of hedged assets/Values	31 Dec. 2023	31 Dec. 2022
1. Positive fair value change	**90,535**	**5,539**
1.1 of specific portfolios:	90,535	5,539
a) financial assets measured at amortized cost	90,535	5,539
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative fair value change	**419,138**	**613,492**
2.1 of specific portfolios:	419,138	613,492
a) financial assets measured at amortized cost	419,138	613,492
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**-328,603**	**-607,953**

The hedged assets are to two types:

1. Variable-rate mortgage loans with CAP option. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage.
2. Fixed-rate mortgage loans. The hedging purpose is to manage interest rate risk within the wider scope of measuring the impacts that changes in interest rates generate on the bank's assets and liabilities (interest rate gap analysis). That purpose is pursued by entering into Interest Rate Swaps, which essentially convert the fixed interest rates collected on mortgage loans to Customers into variable rates.

For both types of assets, macro-hedges are used on open sets of mortgage loans.

Section 7 – Equity investments – Item 70

7.1 EQUITY INVESTMENTS: DISCLOSURE ON EQUITY INVESTMENTS IN OTHER ENTITIES

Name	Registered Office	Operating HQ	Type of control (1)	Equity investment		% of votes available (2)
				Investor	% held	
A. Joint arrangements						
1. Rajna Immobiliare S.r.l.	Sondrio, Italy	Sondrio, Italy	7	Crédit Agricole Italia	50.00%	
B. Investees subject to significant influence						
1. Fiere di Parma S.p.A.	Parma, Italy	Parma, Italy	4	Crédit Agricole Italia	26.42%	
2. Le Village by CA Milano S.r.l.	Milan, Italy	Milan, Italy	4	Crédit Agricole Italia	38.91%	
3. Valtellina Golf Club S.p.A	Caiolo (SO), Italy	Caiolo (SO), Italy	4	Crédit Agricole Italia	43.08%	
4. Global Broker S.p.A.	Milan, Italy	Milan, Italy	4	Crédit Agricole Italia	30.00%	
5. BDX S.p.A.	Collecchio (PR), Italy	Collecchio (PR), Italy	4	Crédit Agricole Italia	15.00%	
6. Blank S.p.A.	Milan, Italy	Milan, Italy	4	Crédit Agricole Italia	49.00%	

(1) Type of control:
1 = Majority of the voting rights in the General Meeting of Shareholders.
2 = dominant influence in the ordinary General Meeting of Shareholders.
3 = agreement with other shareholders.
4 = Investee subject to significant influence.
5 = unitary management pursuant to Article 26, paragraph 1, of Italian Legislative Decree 87/92.
6 = unitary management pursuant to Article 26, paragraph 2, of Italian Legislative Decree 87/92.
7 = Joint arrangements.
8 = other type of control.
(2) The percentage of available votes is stated only when it is not equal to the equity investment held.

7.2 SIGNIFICANT EQUITY INVESTMENTS: BOOK VALUE, FAIR VALUE AND DIVIDENDS RECEIVED

The information on equity investments with significant minority interests is given in Part A - Section 3, point 4.

7.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

The information on equity investments with significant minority interests is given in Part A - Section 3, point 4.

7.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

Name	Book value of equity investments	Total assets	Total liabilities	Total revenues	Profit (Loss) after tax from continuing operations	Profit (loss) from discontinued operations (before tax)	Profit (Loss) for the period (1)	Other comprehensive income after tax (2)	Comprehensive income (3) = (1) + (2)
A. Joint arrangements									
1. Rajna Immobiliare S.r.l.	288	593	17	133	49	-	49	-	49
B. Investees subject to significant influence								-	
1. Fiere di Parma Spa	20,483	69,841	22,284	39,352	3,839	-	3,839	-	3,839
2. Le Village by CA Milano S.r.l.	-	1,845	2,485	1,535	-706	-	-706	-	-706
3. Valtellina Golf Club S.p.A	-	2,525	5,028	59	- 4,504	-	- 4,504	59	- 4,445
4. Global Broker S.p.A.	554	4,604	2,755	1,847	- 429	-	- 429	-	- 429
5. BDX S.p.A.	2,500	10,481	6,798	7,749	938	-	938	-	938
6. Blank S.p.A.	2,626	-	-	-	-	-	-	-	-

The accounting data of non-significant equity investments refer to financial statements approved by the General Meetings of their respective shareholders.

The company Blank S.p.A. was incorporated on 14 December 2023 and, therefore, its first Annual Report and Financial Statements will be prepared as at 31 December 2024.

For Le Village by CA Milano S.r.l. the reported data are those as at 31 December 2023 prepared by the company applying the IAS/IFRS.

7.5 EQUITY INVESTMENTS: CHANGES FOR THE YEAR

	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Opening balance	**33,197**	**45,151**
B. Increases	**9,644**	**9,193**
B.1 Purchases	5,126	-
B.2 Recoveries	-	-
B.3 Revaluations	1,563	2,264
B.4 Other changes	2,955	6,929
C. Decreases	**17,038**	**21,147**
C.1 Sales	15,433	18,305
C.2 Adjustments	71	2
C.3 Impairment	-	217
C.4 Other changes	1,534	2,623
D. Closing balance	**25,803**	**33,197**
E. Total recoveries/writebacks	**426**	**1,704**
F. Total adjustments	**998**	**282**

The increases in equity investments resulted mainly from the subscription of 49% of the share capital of Blank S.p.A. for a subscription price of Euro 2,626 thousand, and the equity investment acquired in BDX S.p.A. for a price of Euro 2,500 thousand.

The decreases resulted mainly from the sale of the full equity investment in GeneralFinance S.p.A. for a price of Euro 15,433 thousand (which determined consolidated gains of Euro 2,934 thousand).

For more information, please see paragraph "Significant events" in the Management Report to the Consolidated Financial Statements.

7.6 KEY CONSIDERATIONS AND ASSUMPTIONS TO DETERMINE WHETHER JOINT CONTROL OR SIGNIFICANT INFLUENCE EXISTS

The existence of significant influence was assessed based on IFRS 10.

Investees are considered jointly controlled (joint arrangements) when there are contract arrangements in place under which control is shared by and between the Group and one or more other investors, that is to say, when decisions on the investee's relevant activities require unanimous approval by all investors sharing control.

As at 31 December 2023 Rajna Immobiliare S.r.l. was a joint arrangement. The investee is based in Sondrio, has two shareholders owning 50% each and the equity investments has been recognized with the equity method.

Investees are considered subject to significant influence (associates) when the Group holds at least 20% of the voting rights (including "potential" voting rights) or, even though holding a lower percentage of the voting rights, it has the power to participate in determining the investee's financial and management policies based on specific legal ties, such as being a party to shareholder agreements providing for vote pooling.

Significant influence is not ascribed to interests equal to or higher than 20%, in which the Company holds only equity rights to a portion of the return on the investments, does not have a say in the investee's management policies and can exercise governance rights only to the extent required to protect its equity investment.

7.7 COMMITMENTS REFERRING TO EQUITY INVESTMENTS IN JOINT ARRANGEMENTS

As at 31 December 2023, there were no commitments referring to joint arrangements.

7.8 COMMITMENTS REFERRING TO EQUITY INVESTMENTS IN ENTITIES SUBJECT TO SIGNIFICANT INFLUENCE

As at 31 December 2023, there were no commitments referring to entities subject to significant influence.

7.9 DISCLOSURE OF SIGNIFICANT RESTRICTIONS

As at 31 December 2023, there were no significant restrictions pursuant to IFRS 12, paragraphs 13 and 22 a).

Section 9 – Property, plant and equipment – Item 90

9.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1 Owned	**709,375**	**773,990**
a) land	174,191	196,081
b) buildings	436,186	474,314
c) furniture	12,279	13,402
d) electronic plants	7,576	7,821
e) other	79,143	82,372
2. Rights of use acquired through leases	**276,286**	**313,676**
a) land	-	-
b) buildings	257,310	293,734
c) furniture	-	-
d) electronic plants	-	-
e) other	18,976	19,942
Total	**985,661**	**1,087,666**
of which: obtained through the enforcement of guarantees received	-	-

9.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**150,454**	**-**	**-**	**180,594**	**152,442**	**-**	**-**	**174,494**
a) land	53,438	-	-	56,558	47,831	-	-	51,418
b) buildings	97,016	-	-	124,036	104,611	-	-	123,076
2. Rights of use acquired through leases	**3,302**	**-**	**-**	**3,302**	**3,885**	**-**	**-**	**3,885**
a) land	-	-	-	-	-	-	-	-
b) buildings	3,302	-	-	3,302	3,885	-	-	3,885
Total	**153,756**	**-**	**-**	**183,896**	**156,327**	**-**	**-**	**178,379**
of which: obtained through the enforcement of guarantees received	22,415	-	-	24,720	22,859	-	-	24,479

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

The assets obtained through the enforcement of received guarantees consisted of buildings with the related plots of land, which were previously granted under finance leases, were returned to the Group subsequent to the termination of the related contracts and for which no credit claim remains towards the contractual obligors.

9.5 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: BREAKDOWN

Assets/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Inventories of assets obtained through the enforcement of guarantees received	**5,922**	**8,809**
a) land	-	-
b) buildings	5,922	8,809
c) furniture	-	-
d) electronic plants	-	-
e) other	-	-
2. Other inventories of property, plant and equipment	**10,581**	**9,332**
Total	**16,503**	**18,141**
of which: measured at fair value net of sale costs	7,198	9,768

Item “2. ITEM “Other inventories of property, plant and equipment” reports all properties held of any legal basis other than those obtained through the enforcement of guarantees received, which are governed by IAS 2.

9.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**196,081**	**1,364,603**	**226,842**	**122,303**	**478,539**	**2,388,368**
A.1 Total net impairment writedowns	-	596,555	213,440	114,482	376,225	1,300,702
A.2 Opening net balance	196,081	768,048	13,402	7,821	102,314	1,087,666
B. Increases	**504**	**64,139**	**2,706**	**3,946**	**11,447**	**82,742**
B.1 Purchases	-	39,114	2,706	3,946	10,456	56,222
B.2 Capitalized improvement expenses	-	7,547	-	-	-	7,547
B.3 Recoveries	-	1,388	-	-	-	1,388
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	504	1,220	X	X	X	1,724
B.7 Other changes	-	14,870	-	-	991	15,861
C. Decreases	**22,394**	**138,691**	**3,829**	**4,191**	**15,642**	**184,747**
C.1 Sales	364	5,613	463	-	3,747	10,187
C.2 Depreciation	-	43,063	3,366	4,191	10,546	61,166
C.3 Impairment losses recognized through:	1,147	4,733	-	-	-	5,880
a) Equity	-	-	-	-	-	-
b) Profit or loss	1,147	4,733	-	-	-	5,880
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	19,273	20,577	-	-	-	39,850
a) Investment property	17,244	20,396	X	X	X	37,640
b) Non-current assets held for sale and discontinued operations	2,029	181	-	-	-	2,210
C.7 Other changes	1,610	64,705	-	-	1,349	67,664
D. Closing net balance	**174,191**	**693,496**	**12,279**	**7,576**	**98,119**	**985,661**
D.1 Total net impairment writedowns	-	632,702	216,962	118,759	387,243	1,355,666
D.2 Closing gross balance	174,191	1,326,198	229,241	126,335	485,362	2,341,327
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

All property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

9.6BIS CHANGES FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**-**	**400,606**	**-**	**-**	**25,449**	**426,055**
A.1 Total net impairment writedowns	-	106,872	-	-	5,508	112,380
A.2 Opening net balance	-	293,734	-	-	19,941	313,675
B. Increases	**-**	**53,004**	**-**	**-**	**3,080**	**56,084**
B.1 Purchases	-	39,027	-	-	2,089	41,116
B.2 Capitalized improvement expenses	-	-	-	-	-	-
B.3 Recoveries	-	1,388	-	-	-	1,388
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	12,589	-	-	991	13,580
C. Decreases	**-**	**89,431**	**-**	**-**	**4,045**	**93,476**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	20,094	-	-	2,700	22,794
C.3 Impairment losses recognized through:	-	4,632	-	-	-	4,632
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	4,632	-	-	-	4,632
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-	-
a) Investment property	-	-	X	X	X	-
b) Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	64,705	-	-	1,345	66,050
D. Closing net balance	**-**	**257,307**	**-**	**-**	**18,976**	**276,283**
D.1 Total net impairment writedowns	-	137,677	-	-	8,590	146,267
D.2 Closing gross balance	-	394,984	-	-	27,566	422,550
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

9.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

	Total 31 Dec. 2023	
	Land	**Buildings**
A. Opening balance	**47,831**	**108,496**
B. Increases	**17,244**	**23,062**
B.1 Purchases	-	1,858
B.2 Capitalized improvement expenses	-	376
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating property	17,244	20,396
B.7 Other changes	-	432
C. Decreases	**11,637**	**31,240**
C.1 Sales	1,866	10,878
C.2 Depreciation	-	-
C.3 Fair Value losses	-	-
C.4 Adjustments for impairment	8,820	9,124
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	951	7,668
a) operating property	504	1,220
b) Non-current assets held for sale and discontinued operations	447	6,448
C.7 Other changes	-	3,570
D. Closing balance	**53,438**	**100,318**
E. Measurement at fair value	**56,558**	**124,036**

Property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

9.7BIS CHANGES FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Total 31 Dec. 2023	
	Land	Buildings
A. Opening balance	**-**	**3,886**
B. Increases	**-**	**2,056**
B.1 Purchases	-	1,842
B.2 Capitalized improvement expenses	-	-
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating property	-	-
B.7 Other changes	-	214
C. Decreases	**-**	**2,640**
C.1 Sales	-	-
C.2 Depreciation	-	-930
C.3 Fair Value losses	-	-
C.4 Adjustments for impairment	-	-
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	-	-
a) operating property	-	-
b) Non-current assets held for sale and discontinued operations	-	-
C.7 Other changes	-	3,570
D. Closing balance	**-**	**3,302**
E. Measurement at fair value	**-**	**-**

9.8 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: CHANGES FOR THE YEAR

	Inventories of property, plant and equipment obtained through the enforcement of guarantees received					Other inventories of property, plant and equipment	Total
	Land	Buildings	Furniture	Electronic equipment	Other		
A. Opening balance	**-**	**8,809**	**-**	**-**	**-**	**9,332**	**18,141**
B. Increases	**-**	**-**	**-**	**-**	**-**	**2,222**	**2,222**
B.1 Purchases	-	-	-	-	-	725	725
B.2 Recoveries	-	-	-	-	-	-	-
B.3 Positive foreign exchange differences	-	-	-	-	-	-	-
B.4 Other changes	-	-	-	-	-	1,497	1,497
C. Decreases	**-**	**2,887**	**-**	**-**	**-**	**973**	**3,860**
C.1 Sales	-	2,867	-	-	-	591	3,458
C.2 Adjustments for impairment	-	20	-	-	-	382	402
C.3 Negative foreign exchange differences	-	-	-	-	-	-	-
C.4 Other changes	-	-	-	-	-	-	-
D. Closing balance	**-**	**5,922**	**-**	**-**	**-**	**10,581**	**16,503**

9.9 COMMITMENTS FOR PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023, there were no commitments for purchases of property, plant and equipment.

Section 10 – Intangible assets – Item 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

Assets/Values	Total 31 Dec. 2023		Total 31 Dec. 2022	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**1,315,925**	**X**	**1,315,925**
A.1.1 Group	X	1,315,925	X	1,315,925
A.1.2 Minority shareholders	X	-	X	-
A.2 Other intangible assets	**267,382**	**-**	**277,306**	**-**
of which: software	167,675	-	155,812	-
A.2.1 Assets measured at cost:	267,382	-	277,306	-
a) Internally generated intangible assets	6,222	-	5,267	-
b) Other assets	261,160	-	272,039	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**267,382**	**1,315,925**	**277,306**	**1,315,925**

The cost of intangible assets with finite life is amortized on a straight-line basis over their useful life.

The useful life of all software in general has been set at 5 years, but, for some types of software, specifically identified, the useful life has been estimated in 10 years.

Intangible assets representing business with customers have been assigned a finite useful life, based on the time series available on the rate of customer turnover in the retail segment, of 15 years as regards the transactions finalized in 2011, of 13 years for the transactions finalized in 2017 and of about 8 years for the transaction finalized in 2021.

10.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

	Goodwill	Other intangible assets: internally generated		Other intangible assets other:		Total
		Finite	Indefinite	Finite	Indefinite	
A. Opening balance	**1,315,925**	**93,911**	**-**	**1,324,370**	**-**	**2,734,206**
A.1 Total net impairment writedowns	-	88,644	-	1,052,331	-	1,140,975
A.2 Opening net balance	1,315,925	5,267	-	272,039	-	1,593,231
B. Increases	**-**	**3,071**	**-**	**81,144**	**-**	**84,215**
B.1 Purchases	-	-	-	81,144	-	81,144
B.2 Increases in internally generated intangible assets	X	3,071	-	-	-	3,071
B.3 Recoveries	X	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**2,116**	**-**	**92,023**	**-**	**94,139**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	2,116	-	91,658	-	93,774
- Amortization	X	2,116	-	91,658	-	93,774
- Impairment writedowns:	-	-	-	-	-	-
+ Equity	X	-	-	-	-	-
+ Profit and loss	-	-	-	-	-	-
C.3 Fair Value losses:	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	365	-	365
D. Closing net balance	**1,315,925**	**6,222**	**-**	**261,160**	**-**	**1,583,307**
D.1 Total net value adjustments	-	90,760	-	1,143,989	-	1,234,749
E. Closing gross balance	**1,315,925**	**96,982**	**-**	**1,405,149**	**-**	**2,818,056**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

10.3 INTANGIBLE ASSETS: OTHER INFORMATION

To test intangible assets with indefinite useful life for impairment, the latest 2024-2028 income forecasts were used (source: Crédit Agricole S.A. Department of Economic Studies, which independently designs the economic scenarios), which already factor in the events that characterized FY 2023 by the Bank's Board of Directors at its meeting held on 19 December 2023.

Crédit Agricole Italia Board of Directors then approved, pursuant to IAS 36, the negative outcomes of the impairment test on intangible assets with indefinite useful life (goodwill recognized in the consolidated and separate financial statements as at 31 December 2023).

On the other hand, the Group verified that there were no impairment indicators regarding intangible assets with finite useful life, as more exhaustively described below.

For intangible assets with finite useful life, the Directors deemed nonetheless appropriate to perform an additional verification, confirming the exercise of the impairment test, also including the assets in the carrying amount to be compared with the recoverable amount.

Analysis of intangible assets with finite useful life

The book value as in the consolidated financial statements as at 31 December 2023 regarding intangible assets with finite useful life, resulting from the business combinations made by the Group was of Euro 94 million. Said assets are broken down below, reporting also their analysis.

Intangible assets resulting from the business combination made in 2011

The value of the intangible assets recognized in the consolidated financial statements as at 31 December 2023 is Euro 20 million.

At the end of 2023, the performance of the elements regarding business with customers, that constitute the intangible assets recognized in the consolidated financial statements as at 31 December 2023 was verified. The amortization period for said components is 15 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2017

The value of the intangible assets in the consolidated financial statements as at 31 December 2023 was of Euro 45 million and comprises business with customers resulting from the acquisition of Cassa di Risparmio Cesena, Cassa di Risparmio di Rimini and Cassa di Risparmio di San Miniato.

At the end of 2023 the performance of the elements that constitute the intangible assets recognized in the consolidated financial statements as at 31 December 2023 was verified. The amortization period for said components is 13 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2021

In 2021, within Creval business combination, an intangible asset with finite useful life was recognized amounting to Euro 46 million. In the consolidated financial statements as at 31 December 2023, that intangible asset was recognized in an amount of Euro 30 million.

At the end of 2023 the performance of the elements that constitute the intangible assets recognized in the consolidated financial statements as at 31 December 2023 was verified. The amortization period for said components is 8 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Impairment testing of goodwill

As required by IASs/IFRSs, the goodwill resulting from the purchases of Crédit Agricole FriulAdria, of the 180 Crédit Agricole Italia branches and of the 29 Crédit Agricole FriulAdria branches (made in 2007), of the 81 Crédit Agricole Italia branches and of the 15 Crédit Agricole FriulAdria branches (made in 2011) and of Crédit Agricole Carispezia (made in 2011) was tested for impairment. Consistently with the segment reporting given in the Annual Report and Consolidated Financial Statements, the goodwill determined after the allocation of the purchase price paid within the above-described transactions was initially allocated, in the Group consolidated financial statements, to the two Cash Generating Units (CGU) identified in the Retail and Private Banking Business Segment and in the Corporate Banking Segment. After having been written down in the previous years, the goodwill paid within the above-described transactions is now fully allocated to the Retail, Private Banking and Financial Advisors CGU for an amount of Euro 1,316 million.

The CGU value in use was determined in accordance with the method used by the Crédit Agricole S.A. Group, namely the Dividend Discount Model ("DDM") in its Excess Capital version. The DDM estimates the company value as the sum of the present value of the theoretical future cash flows distributed to shareholders in the explicit period and the Terminal Value. Specifically, in its"Excess Capital" variant, this method provides for the economic value of a financial company to be calculated by discounting a dividend flow determined based on full compliance with the capital requirements set by the Supervisory Authority.
For the calculation of future cash flows, starting from the 2024 expected performance, a model has been used, which consists of two stages:

- For the first stage (2024-2028), the following forecasts have been used: the 2021 Budget for 2025-2028 and medium- and long-term financial forecasts;
- The second stage considers the Terminal Value: the cash flow after taxes for the last year was, therefore, projected into perpetuity using a long-term growth rate "g" (2.00%). This rate falls in an interval that is consistent with the industry measurement practices.

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

The cash flows (after taxes) thus determined have then been discounted at a rate (ke) calculated based on the Capital Asset Pricing Model (i.e. based on a risk-free rate plus the product of the beta coefficient multiplied by the risk premium), totalling 9.4% (vs. 8.9% in 2022).

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 2022 are reported below:

	2023	2022
Cost of equity (ke)	9.40%	8.90%
of which risk-free rate	2.96%	2.82%
of which Beta	1.2	1.2
of which risk premium	5.33%	5.10%

Specifically, these parameters:

- risk-free rate: 2.96% in 2023, represents the average yield in the last 15 years of the 10Y BTP 1benchmark;
- beta: 1.2 equal to the beta used by the Parent Company CA.sa;
- risk premium: 5.33% in 2023, determined based on the 15-year surveys of infoproviders Datastream and Kepler.

The value in use of the Retail-Private Banking Business Segment , equal to 79% of the consolidated value was determined based on the average weight of the CGU on the profit for period over the last 10 years.

For the CGU the calculation showed a value in use higher than the related book value, with a positive difference of Euro 1,942 million. 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 of 2,036 million Euros.

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 (8.75%), and the same can be said for the risk-free rate (7.07%) and for the beta parameter (1.97); therefore, the discount rate level at which book value and the value in use are equal is 13.5%.

Furthermore, the impact generated by the uses listed below on the goodwill impairment testing exercise impairment was verified:

- The use of a discount rate of 11.9% determined based on a risk-free yield of 4.23% (equal to the yield of 10Y BTP Italian Government securities as at 30 November 2023), entailing a Risk Premium of 6.37% (based on the data surveyed by infoproviders Datastream and Kepler), of a 1.2 beta and of a long-term growth rate of 2%; that analysis showed no sign of impairment.
- The use of a discount rate of 12.3% determined based on a risk-free yield of 4.73% (equal to the yield of 10Y BTP Italian Government securities as at 30 November 2023), entailing a Risk Premium of 6.29% (based on the data surveyed by infoproviders Datastream and Kepler), of a 1.2 beta and of a long-term growth rate of 2%; also in this case, that analysis showed no sign of impairment.

Lastly, if the long-term growth rate "g" were set at zero, the Retail, Private Banking and Financial Advisors CGU would continue to have a value in use higher than its book value.

Section 11 – Tax Assets and Tax Liabilities – Item 110 of Assets and Item 60 of Liabilities

11.1 DEFERRED TAX ASSETS: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
A. Gross deferred tax assets	**1,410,001**	**1,694,386**
A1. Loans and receivables (including asset-backed securities)	292,020	412,026
A2. Other financial instruments	1,320	8,894
A3. Goodwill	321,505	363,666
A4. Long-term liabilities	-	-
A5. Tangible Fixed Assets	9,116	9,815
A6. Provisions for risks and charges	101,454	92,001
A7. Entertainment expenses	-	-
A8. Staff expenses	64,384	73,645
A9.1 Tax losses	63,099	120,916
A9.2 Tax losses convertible into tax credits	-	599
A10. Unused tax receivables to be deducted	-	-
A11. Other	557,103	612,824
B. Offset against deferred tax liabilities		
C. Net deferred tax assets:	**1,410,001**	**1,694,386**

As regards the recognition of DTAs, especially those relating to tax losses, the probability test was carried out and confirmed their full recoverability.

First of all, it is to be pointed out that a significant portion of the recognized DTAs consists of so-called "convertible" DTAs, i.e. DTAs whose recoverability does not depend on future profit or loss, as they may be converted in true tax credits, receivable form the Inland Revenue Agency in case of statutory or tax losses.

Considering the amount of convertible DTAs, impaired DTAs came to approximately Euro 805 million.

For the probability test calculation, profits and losses for tax purposes in the coming FYs were simulated, starting from the assumed profit or losses for those FYs and taking into account, for that purpose, the permanent increases and decreases that can be estimated, as well as the release of temporary differences, both positive and negative, expected for that period.

Besides the recovery of the aforementioned temporary differences, the calculation also showed that the DTA for tax losses can be recovered over a modest time horizon, which, in the most likely scenario, is three years. Other possible scenarios of more severe, albeit reasonable, stress were also assumed, taking into account decreases in profits or higher recovery of temporary difference assets than deemed likely, and recoverability was confirmed.

Furthermore, as regards Italian Corporate income tax (IRES) DTAs, it is to be considered that the companies of the Crédit Agricole Italia Banking Group are members of a tax consolidation scheme under Article 117 *et seq.* of Italian Presidential Decree 917/86, which includes also other resident entities that are directly or indirectly controlled by Crédit Agricole S.A. A tax profit is expected on the tax consolidation scheme in the coming FYs, which is further ground supporting the recoverability of the recognized DTA for IRES.

11.2 DEFERRED TAX LIABILITIES: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
A. Gross deferred tax liabilities:	**49,731**	**65,265**
A1. Capital gains spreading	7,802	11,967
A2. Goodwill	-	-
A3. Tangible Fixed Assets	-	-
A4. Deposited financial Instruments	4,738	5,894
A5. Staff expenses	-	-
A6. Other	37,191	47,404
B. Offset against deferred tax assets		
C. Net deferred tax liabilities	**49,731**	**65,265**

11.3 CHANGES IN DEFERRED TAX ASSETS (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**1,671,641**	**2,274,292**
2. Increases	**72,943**	**782,413**
2.1 Deferred tax assets recognized in the year	65,558	201,349
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) Recoveries	-	-
d) other	65,558	201,349
2.2 New taxes or increases in tax rates	391	488
2.3 Other increases	6,994	580,576
3. Decreases	**355,264**	**1,385,064**
3.1 Deferred tax assets derecognized in the year	345,640	269,854
a) reversals	345,640	269,839
b) writedowns for supervening non-recoverability	-	-
c) change in accounting policies	-	-
d) other	-	15
3.2 Reduction in tax rates	-	2,333
3.3 Other decreases	9,624	1,112,877
a) conversion into tax credits pursuant to L. 214/2011	5,004	169,706
b) other	4,620	943,171
4. Closing balance	**1,389,320**	**1,671,641**

11.4 CHANGES IN DEFERRED TAX ASSETS PURSUANT TO ITALIAN LAW 214/2011

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**768,119**	**997,229**
2. Increases	**4,593**	**365,911**
3. Decreases	**167,372**	**595,021**
3.1 Reversals	162,368	55,795
3.2 Conversion into tax credits	5,004	169,706
a) from losses for the year	-	46,551
b) from tax losses	5,004	123,155
3.3 Other decreases	-	369,520
4. Closing balance	**605,340**	**768,119**

11.5 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**54,032**	**118,766**
2. Increases	**8,463**	**2,256**
2.1 Deferred tax liabilities recognized in the year	635	782
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	635	782
2.2 New taxes or increases in tax rates	4	-
2.3 Other increases	7,824	1,474
3. Decreases	**21,780**	**66,990**
3.1 Deferred tax liabilities derecognized in the year	8,017	63,363
a) reversals	8,017	63,363
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	79
3.3 Other decreases	13,763	3,548
4. Closing balance	**40,715**	**54,032**

The other decreases, reported in point 3.3), include an amount of Euro 11,742 thousand, through profit or loss, for the tax release under Article 172 of the Italian Consolidated Act on Income Taxes on finite useful life intangible asset “business relationship with former-Creval customers”.

11.6 CHANGES IN DEFERRED TAX ASSETS (THROUGH EQUITY/OCI)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**22,745**	**38,104**
2. Increases	**6,585**	**14,144**
2.1 Deferred tax assets recognized in the year	5,602	9,307
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	5,602	9,307
2.2 New taxes or increases in tax rates	2	-
2.3 Other increases	981	4,837
3. Decreases	**8,649**	**29,503**
3.1 Deferred tax assets derecognized in the year	7,977	3,629
a) reversals	7,977	3,629
b) writedowns for supervening non-recoverability	-	-
c) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	672	25,874
4. Closing balance	**20,681**	**22,745**

11.7 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH EQUITY/OCI)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**11,233**	**14,166**
2. Increases	**17,627**	**4,967**
2.1 Deferred tax liabilities recognized in the year	17,366	1,907
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	17,366	1,907
2.2 New taxes or increases in tax rates	1	-
2.3 Other increases	260	3,060
3. Decreases	**19,844**	**7,900**
3.1 Deferred tax liabilities derecognized in the year	14,972	6,822
a) reversals	14,972	6,822
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	1,078
3.3 Other decreases	4,872	-
4. Closing balance	**9,016**	**11,233**

Section 12 – Non-current assets held for sale and discontinued operations and associated liabilities – Item 120 of Assets and Item 70 of Liabilities

12.1 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: BREAKDOWN BY TYPE OF ASSETS

	31 Dec. 2023	31 Dec. 2022
A. Assets held for sale		
A.1 Financial assets	-	2,283
A.2 Equity investments	-	-
A.3 Property, plant and equipment	9,104	-
Of which from recovery of NPLs	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	**9,104**	**2,283**
Of which measured at cost	-	2,283
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	9,104	-
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading		
- Financial assets designated at fair value		
- Other financial assets mandatorily measured at fair value		
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortized cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained through the enforcement of guarantees received		
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Dye and payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortized cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Funds	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-

Section 13 – Other assets – Item 130

13.1 OTHER ASSETS: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
Sundry debits in process	179,907	56,286
Revenue stamps and other instruments	2,882	4,716
Items being processed	199,964	145,573
Accrued income not allocated to other items	17,265	5,329
Prepaid expenses not allocated to other items	40,519	57,534
Protested bills and cheques	3,572	3,254
Leasehold improvements	11,629	13,597
Tax advances paid on behalf of third parties	133,046	109,283
Sundry	161,939	179,719
Purchased tax credits	1,764,287	1,277,657
Total	**2,515,010**	**1,852,948**

LIABILITIES

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

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO BANKS

Type of transactions/Values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**3,577,560**	**X**	**X**	**X**	**9,364,842**	**X**	**X**	**X**
2. Due to banks	**1,712,679**	**X**	**X**	**X**	**1,800,045**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	39,263	X	X	X	83,916	X	X	X
2.2 Time deposits	104,527	X	X	X	88,593	X	X	X
2.3 Loans	1,554,000	X	X	X	1,612,456	X	X	X
2.3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
2.3.2 Other	1,554,000	X	X	X	1,612,456	X	X	X
2.4 Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	1,454	X	X	X	1,585	X	X	X
2.6 Other due and payables	13,435	X	X	X	13,495	X	X	X
Total	**5,290,239**	**-**	**5,290,239**	**-**	**11,164,887**	**-**	**11,164,891**	**-**

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

Item "Due to central banks" reports Targeted Longer-Term Refinancing Operations (TLTRO) with the European Central Bank. TLTROS provide the Eurosystem credit institutions with the possibility to obtain loans with multi-year maturity, intended to improve the monetary policy transmission mechanism supporting bank lending to the real economy.

In 2023 TLTRO tranches were repaid for Euro 6 billion.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO CUSTOMERS

Type of transactions/Values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	59,602,712	X	X	X	61,087,670	X	X	X
2. Time deposits	1,273,398	X	X	X	10,662	X	X	X
3. Loans	155,277	X	X	X	58	X	X	X
3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
3.2 Other	155,277	X	X	X	58	X	X	X
4. Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	319,971	X	X	X	359,502	X	X	X
6. Other due and payables	537,572	X	X	X	687,535	X	X	X
Total	**61,888,930**	**-**	**61,888,930**	**-**	**62,145,427**	**-**	**62,111,235**	**32,318**

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

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DEBT SECURITIES ISSUED

Type of securities/values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	10,932,919	-	10,837,939	-	9,299,858	-	9,359,956	-
1.1 Structured	-	-	-	-	-	-	-	-
1.2 other	10,932,919	-	10,837,939	-	9,299,858	-	9,359,956	-
2. Other securities	3,658,739	-	-	3,658,739	1,098,736	-	-	1,098,736
2.1 Structured	-	-	-	-	-	-	-	-
2.2 other	3,658,739	-	-	3,658,739	1,098,736	-	-	1,098,736
Total	**14,591,658**	**-**	**10,837,939**	**3,658,739**	**10,398,594**	**-**	**9,359,956**	**1,098,736**

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

Item “Bonds” reports covered bonds for Euro 8,649,406 thousand, Senior Non Preferred notes for Euro 1,561,736 thousand and ordinary debenture loans for Euro 721,777 thousand.

Item “other securities” reports certificates of deposit for Euro 3,450,486 thousand and banker's drafts for Euro 208,253 thousand.

1.4 BREAKDOWN OF SUBORDINATED LIABILITIES/SECURITIES

Characteristics	Issue date	Maturity date	Repayment schedule	Interest rate	Currency	Original amount in the rep. currency	Book value
Lower Tier II deposit	28 June 2017	28 June 2027	at maturity	3M Euribor + 219 bps	Euro	250,000	250,128
Lower Tier II deposit	11 Dec. 2017	11 Dec. 2017	at maturity	3M Euribor + 162 bps	Euro	400,000	401,242
Lower Tier II deposit	2 Aug. 2019	2 Aug. 2017	at maturity	3M Euribor + 213 bps	Euro	80,000	80,800
Lower Tier II deposit	15 Dec. 2021	15 Dec. 2031	at maturity	3M Euribor + 266 bps	Euro	80,000	80,234
Lower Tier II deposit	12 April 2022	12 April 2022	at maturity	3M Euribor + 314 bps	Euro	150,000	152,376
Lower Tier II deposit	14 Dec. 2023	14 Dec. 2033	at maturity	3M Euribor + 374 bps	Euro	215,000	215,779

As at the reporting date total subordinated deposits amounted to Euro 1,180,559 million.

1.5 BREAKDOWN OF STRUCTURED LIABILITIES

At the end of 2023 there were no structured liabilities to banks and to customers.

1.6 LEASE LIABILITIES

For reporting on lease liabilities and the breakdown of maturities and cash flows, please see Part M of this Notes to the Financial Statements.

Section 2 – Financial liabilities held for trading – Item 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

Type of transactions/Values	Total 31 Dec. 2023					Total 31 Dec. 2022				
	NV	Fair value			FV(*)	NV	Fair value			FV(*)
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial Derivatives		-	198,241	-			-	328,990	59	
1.1 Held for trading	X	-	198,241	-	X	X	-	328,990	59	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit Derivatives		-	-	-			-	-	-	
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**198,241**	**-**	**X**	**X**	**-**	**328,990**	**59**	**X**
Total (A+B)	**-**	**-**	**198,241**	**-**	**-**	**-**	**-**	**328,990**	**59**	**X**

Key:
NV = notional value
L1= Level 1
L2= Level 2
L3= Level 3
Fair value (*) = Fair value calculated excluding value changes resulting from an alteration in the issuer's credit rating after the date of issue.

The decrease in item "Derivative instruments" resulted mainly from the change in measurement component.

2.2 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED LIABILITIES

As at 31 December 2023, there were no subordinated "Liabilities held for trading".

2.3 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED LIABILITIES

As at 31 December 2023, there were no structured "Liabilities held for trading".

Section 4 – Hedging derivatives – Item 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY HIERARCHY LEVEL

	Fair value 31 Dec. 2023			NV 31 Dec. 2023	Fair value 31 Dec. 2022			NV 31 Dec. 2022
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**2,061,837**	**77,703**	**22,908,015**	**-**	**3,045,592**	**769,942**	**28,221,292**
1) Fair value	-	2,061,837	77,703	22,908,015	-	3,045,592	769,942	28,221,292
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**2,061,837**	**77,703**	**22,908,015**	**-**	**3,045,592**	**769,942**	**28,221,292**

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

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Commodities	Other				
1. Financial assets at fair value through other comprehensive income	18,114	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	180,259	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**198,373**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	1,941,167	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**1,941,167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X		X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X		X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The “Hedging Derivatives” item referring to financial liabilities measured at amortized cost consisted of Euro 109,370 thousand for hedging securities measured at amortized cost and Euro 70,889 thousand for hedging mortgage loans.

The “Hedging Derivatives” item referring to financial liabilities consisted of Euro 1,080,166 thousand for hedging own bonds issued and Euro 861,001 thousand for macrohedging of demand deposits; specifically, the hedged item is limited to the portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a “fictitious” bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 5 – Fair value change of financial liabilities in macro-hedge portfolios – Item 50

5.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES

Fair value change of hedged liabilities /Group components	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Increase in fair value of hedged financial liabilities	58,466	1,776
2. Decrease in fair value of hedged financial liabilities	849,817	1,493,598
Total	**-791,351**	**-1,491,822**

The part of demand deposits that is considered stable as to liquidity and rate, by the internal model adopted by the Crédit Agricole Italia Banking Group is in the macro-hedge portfolio.

Section 6 – Tax Liabilities – Item 60

Please, see Section 11 - Assets.

Section 8 – Other liabilities – Item 80

8.1 OTHER LIABILITIES: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
Trade payables	347,967	360,451
Amounts due to third parties	658,067	614,569
Credit transfers ordered and being processed	70,441	82,242
Amounts payable to tax authorities on behalf of third parties	333,274	126,075
Advances on loans to mature	69	61
Personnel expenses	128,062	117,181
Uncapitalized accrued expenses	54,461	16,956
Deferred income not allocated to other items	35,861	35,535
Sundry	294,319	229,228
Total	**1,922,521**	**1,582,298**

Section 9 – Employee severance benefits – Item 90

9.1 EMPLOYEE SEVERANCE BENEFITS: CHANGES FOR THE YEAR

	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Opening balance	**98,817**	**143,625**
B. Increases	**8,753**	**5,950**
B.1 Provision for the year	3,561	187
B.2 Other changes	5,192	5,763
C. Decreases	**17,142**	**50,758**
C.1 Severance payments	16,792	31,616
C.2 Other changes	350	19,142
D. Closing balance	**90,428**	**98,817**

9.2 OTHER INFORMATION

Information on the characteristics of defined-benefit plans and risks associated with them (IAS 19, paragraph 139)

Pursuant to the Italian legislation, at the date of termination of his/her employment contract with a company, each employee is entitled to a severance package called "*Trattamento di Fine Rapporto*" (Employee Severance Benefits or with the Italian acronym TFR) equal to the sum of the Severance Benefits accrued for each year of work for the employer. The benefit accrued each year is equal to 6.91% of the gross annual pay. This rate is calculated by dividing the ordinary pay by 13.5; to the resulting amount a deduction is made of 0.5%, which is paid directly to the Italian National Social Security Institute (INPS) as a pension contribution.

Moreover, as at 31 December of each year, the Provision for Employees' Severance Benefits is subject to revaluation applying a fixed-rate of 1.5% plus 75% of the increase in the consumer price index for blue-collar and white-collar households for the year.

The revalued amount, thus calculated, is taxed at a 17% rate, as provided for by the Italian 2015 Stability Law (Italian Law No. 190 of 23 December 2014).

Pursuant to the applicable legislation, employees may ask for advances on their Severance Benefits accrued when the employment relation is still going on. This advance may be obtained only once during the employment relation, after at least 8 years on staff and up to 70% of the Employee Severance Benefits accrued as at the date of request.

With the entry into force of Italian 2007 Finance Act, concerning also the Reform of Supplementary Pension Schemes, the measurement of Employee Severance Benefits, in accordance with IAS 19 Revised, shall take account of the impacts of this Act, as well as of the guidelines for their calculation, which were issued by the Italian National Association of Actuaries and by the *Organismo Italiano di Contabilità* (the Italian National Accounting Body).

Given that, in 2006, the Crédit Agricole Italia Banking Group had an average number of employees higher than 50, it has been considered that the portions of employee severance benefits accruing in the future will be paid to a separate entity (supplementary pension scheme, FONDINPS or to the Fund managed by the Italian State Treasury) irrespective of the employees' choice. It was specifically considered that the Fund managed by the Italian State Treasury through the Italian National Social Security Institute (INPS), pursuant to Article 1, paragraph 5, of the Italian 2007 Finance Act "ensures that private sector employees receive the severance benefits as provided for in Article 2120 of the Italian Civil Code, in accordance with the contributions paid to the Fund".

0.5% supplement to employee severance benefits

For the employees that were formerly employees of the Intesa Sanpaolo Group and were already on staff on 31 December 1990, upon employment termination, an amount supplementing their severance benefits is granted, equal to the 0.5% contribution paid to the Italian National Social Security Institute (INPS) by the workers.

Such supplementary amount accrues on a monthly basis and is revalued in accordance with the ISTAT (the Italian National Institute of Statistics) index for the revaluation of employee severance benefits.

Additional 2.75% revaluation of employee severance benefits

To formerly Intesa employees, in case of employment termination, a supplementary amount is paid which is calculated by applying to the employee severance benefits accrued since 1992, on a yearly basis, an additional fixed revaluation equal to 2.75%. This amount is then revalued, on a yearly basis, according to the reference ISTAT (the Italian National Institute of Statistics) index.

Changes for the year in the defined-benefit plan net liabilities (assets) and in rights to repayment (IAS 19, paragraphs 140 and 141)

The statement of reconciliation for 2023 of the present value of the plan obligation for the Crédit Agricole Italia Banking Group is given below:

Actuarial value of the obligation as at 1 Jan. 2023		**98,817**
a.	Service cost	32
b.	Interest cost	3,529
c.	Transfer in/out	-10
d.1	Actuarial gains/losses from changes in financial assumptions	3,141
d.2	Actuarial gains/losses from changes in inflationary assumptions	-
d.3	Actuarial gains/losses from demographic experience	1,710
e.	Payments provided for by the Plan	-16,792
f.	Entries from business combination	-
Actuarial value of the obligation as at 31 Dec. 2023		**90,428**

Disclosure of the fair value of the plan assets (IAS 19, paragraphs 142 and 143)

This point does not apply because no assets covering Employee Severance Benefits have been provided for.

Description of the main actuarial assumptions (IAS 19, paragraph 144)

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used regarding:

- Mortality;
- Invalidity;
- Termination (resignation or dismissal);
- Requests for advances;
- The workers' future economic career (including the assumptions on promotion to higher positions);
- Performance of the actual purchasing power of money.

Specifically, the following assumptions were used:

a) DEMOGRAPHIC TECHNICAL BASES:

a.1 Annual probability of exclusion due to death of employees on staff were calculated based on IPS55;

a.2 Annual probabilities of exclusion due to causes other than death of employees on staff were calculated based on appropriate smoothing of historical data of the Group and, therefore, an annual frequency of turnover of 3.50% was used;

a.3 The annual probability of request for advances on the accrued severance benefits was calculated based on the Group's experience and was assumed as equal to an average annual rate of 3%;

a.4 Retirement is assumed upon meeting the first requirement to qualify for pension.

b) ECONOMIC TECHNICAL BASES:

b.1 To calculate the present value of the various plans, in compliance with the instructions given by the Parent Company Crédit Agricole SA, the following rates were used:

- Employee severance benefits IBOXX duration 5-7 years 2.95%;
- Supplement of 0.5% IBOXX duration 5-7 years 2.95%;
- Additional revaluation of 2.75%IBOXX duration 7-10 years 3.08%.

b.2 The cost of living index for white-collar and blue-collar households, required for the revaluation of the employee severance benefits amounts allocated to provision, was assumed at 2%, as per the instructions given by Crédit Agricole S.A.;

b.3 The pay line, as a function of seniority, increasing by automatic pay increases only, was calculated, on average, with reference to the Company's employees, based on the interpolation and smoothing of the distribution of pays by seniority and on the national and company collective bargaining agreements;

b.4 The average annual rate of increase in pay for changes in the minimum wage, is to be seen as related to the fluctuation in the value of money and, therefore, its appreciation, especially in a long-term perspective, is technically difficult; a 2% rate was assumed;

b.5 Percentage of accrued employee severance benefits requested as advances: 60%.This percentage was inferred based on the Group historical data.

Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147)

The outcomes of the sensitivity analyses for each one of the above main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+50 bps	-50 bps
90,428	87,875	93,096

Inflation rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+50 bps	-50 bps
90,428	92,096	88,838

Turnover rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+100 bps	-100 bps
90,428	90,518	90,328

Multi-employer plans (IAS 19, paragraph 148)

This point does not apply because the provision for employee severance benefits is not a Multi-employer plan.

Defined-benefit plans that share risks between various entities under common control (IAS 19, paragraphs 149 and 150).

This point does not apply because the provision for employee severance benefits is not a plan that shares risks between various entities under common control.

Section 10 – Provisions for risks and charges – Item 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

Items/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Provisions for credit risk on commitments and financial guarantees given	80,428	73,904
2. Provisions for other commitments and guarantees given	-	-
3. Company pension plans	30,643	24,020
4. Other provisions for risks and charges	473,272	487,015
4.1 legal and tax-related disputes	62,153	80,518
4.2 personnel expenses	199,209	233,422
4.3 other	211,910	173,075
Total	**584,343**	**584,939**

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

	Provisions for other commitments and guarantees given	Pension plans	Other provisions for risks and charges	Total
A. Opening balance	**-**	**24,020**	**487,015**	**511,035**
B. Increases	**-**	**10,348**	**137,330**	**147,678**
B.1 Provision for the year	-	-	135,325	135,325
B.2 Changes due to passage of time	-	1,116	1,941	3,057
B.3 Changes due to alterations in the discount rate	-	-	33	33
B.4 Other changes	-	9,232	31	9,263
C. Decreases	**-**	**3,725**	**151,073**	**154,798**
C.1 Use in the year	-	3,725	130,197	133,922
C.2 Changes due to alterations in the discount rate	-	-	18	18
C.3 Other changes	-	-	20,858	20,858
D. Closing balance	**-**	**30,643**	**473,272**	**503,915**

10.3 PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN

	Provisions for credit risk on commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	POCI	Total
Commitments to disburse funds	8,013	9,247	15	-	17,275
Financial guarantees given	2,956	8,072	52,125	-	63,153
Total	**10,969**	**17,319**	**52,140**	**-**	**80,428**

10.4 PROVISIONS FOR OTHER COMMITMENTS AND GUARANTEES GIVEN

As at 31 December 2023, there were no provisions for other commitments and guarantees given.

10.5 COMPANY DEFINED-BENEFIT PENSION PLANS

1. Information on the characteristics of the entity's defined benefit plans and risks associated with them

Through its Defined-Benefit Pension Plan, Crédit Agricole Italia provides pension schemes that are supplementary or complementary to the pensions paid by INPS (Italian National Social Security Institute) on whatsoever ground, in compliance with the specific Regulation of the Pension Fund.

As at today's date, in accordance with the above Regulation, the employees on staff are not entitled to the benefits provided by the Pension Fund.

The plan is funded by a provision accrued by the Company, determined based on the mathematical reserve, certified annually by an independent actuary.

These benefits may consist in a pension assigned directly to the person concerned, in a pension assigned indirectly to the surviving family of the person concerned dying either before or after retirement.

As at 31 December 2023, 487 pensioners, 3 people in service and a deferred member (252 women and 239 men) were the beneficiaries of Crédit Agricole Italia Pension Fund, to whom a gross annual supplementary pension is paid amounting to Euro 7,357.

The average age of Crédit Agricole Italia pension plan beneficiaries is 83.5 years.

The number of members under analysis considerably changed vs. the 2022 figures due to exits from the pension fund and to the inclusion of former-Creval Pension Fund in Credit Agricole Pension Fund, effective as of 1 January 2023.

2. Change for the year in defined-benefit net liabilities (assets) and in rights to repayment from the plan

The table below reports the 2023 reconciliation figures for Crédit Agricole Italia:

Actuarial value of the obligation as at 1 Jan. 2023		24,020
a.	Service cost	-
b.	Interest cost	1,116
c.	Transfer in/out	6,484
d.1	Actuarial gains/losses from changes in financial assumptions	1,374
d.2	Actuarial gains/losses from changes in demographic assumptions	-
d.3	Actuarial gains/losses from demographic experience	1,374
e.	Payments provided for by the Plan	-3,725
Actuarial value of the obligation as at 31 Dec. 2023		**30,643**

The value of the mathematical reserve is equal to the amount that the Management should have as at the measurement date, based on the assumptions used, in order to meet all the commitments undertaken towards the participants in the plan.

3. Disclosure of the fair value of the plan assets

This point does not apply because no assets covering the plan have been provided for.

4. Description of the main actuarial assumptions

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used, such as:

- Mortality;
- Probability to have a family;
- Performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- Annual probability of exclusion due to death of employees not on staff were calculated based on A62;
- For assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- The cost of living index for white-collar and blue-collar households, required for smoothing the annual pension instalments, was assumed at 2%, in accordance with the instructions given by Crédit Agricole SA;
- The annual increase in the plan benefits is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- To calculate the Present Value, in compliance with the instructions issued by Crédit Agricole SA, the rate used was IBOXX AA € Corporate AA (duration 7-10 years) of 3.08%.

5. Disclosure of amount, timing and uncertainty of future cash flows

The results of the sensitivity analyses for each one of the aforementioned main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+50 bps	-50 bps
30,643	29,621	31,736

Mortality rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+20 bps	-20 bps
30,643	28,038	34,007

Inflation rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+20 bps	-20 bps
30,643	31,246	30,059

10.6 PROVISIONS FOR RISKS AND CHARGES: - OTHER PROVISIONS

The breakdown of Other Provisions is as follows:

- Legal disputes: the provision is intended to cover any expenses from lawsuits brought against the Bank and revocatory actions in insolvency and bankruptcy.
- Personnel expenses: the provision covers the expenses for voluntary redundancy incentives.
- Other risks and charges refer mainly to provisions intended to cover the expenses for the integration of Creval, Carismi, Caricesena and Carim, the expenses associated with the disposal of NPL portfolio and other disputes with Customers.

In 2023 it was deemed it appropriate to exercise the option given by Italian Law 197/2022 (tax amnesty measure), in order to solve some tax disputes. At specific conditions and in specific cases, the aforementioned Law established the option, in accordance with the status and instance of the dispute, to settle the dispute paying a set percentage of the tax without application of interests and penalties, taking also into account of the payments already made.

In order to downsize the dispute and to reduce the risk, albeit with judgements, in some cases favourable ones, and believing that their conduct has always been fair and lawful, after the appropriate calculation to verify the expediency, both the Bank and Credit Agricole Leasing deemed it appropriate to settle some disputes.

The following disputes were still pending as at the reporting date:

- Two tax disputes concerning a transfer of branches made in 2011 by the Intesa SanPaolo Group and followed by the transfer of the equity investment to institutional shareholders of Crédit Agricole Italia, which was qualified by the Tax Authority as a transfer of a business unit, with yet another claim about the goodwill taxable base, for a registration tax amount of Euro 11.7 million, plus interest claimed from the parties jointly and severally involved. On the transaction requalification, favourable fist -and second-instance court judgements have already been obtained and the Italian Court of Cassation's ruling is pending. Having said that, also in this case, the Group believes that its conduct has always been fair and lawful and expects a favourable outcome of the dispute, also on the grounds of the aforementioned judgements, considering that the charge – if any – would be shared between the parties jointly and severally involved under specific agreements, on a prudential basis a provision of Euro 1.15 million has remained;
- Two disputes concerning Crédit Agricole Carispezia, which was absorbed in July 2019, on the determination of the IRAP taxable base for fiscal years 2015 and 2016, for a total amount of Euro 694 thousand, on which, in October 2022, an unfavourable first-instance judgement was issued. In the early days of 2024, for the same reasons, the notification was served of yet another assessment on fiscal year 2017, for a total amount of Euro 129 thousand. Although believing that its conduct has always been fair and lawful, as it will be argued in court, for the three claims the Bank decided to recognize a prudential provision of Euro 862 thousand in the 2023 Financial Statements;
- Other minor disputes totalling Euro 0.6 million, for which the Group believes it has good grounds as its conduct has always been fair and lawful, as substantiated, in several cases, by fully or partially favourable judgements, which, therefore, have not been provisioned for. More specifically:
  - Some disputes on registration tax on legal deeds coming from the merged entity Cassa di Risparmio di Rimini, for a total amount of Euro 0.4 million;
  - A dispute from Creval, which was merged by absorption in April 2022, concerning failure to repay IRPEG withholdings regarding an absorbed entity for a total amount of Euro 0.2 million. The first-instance judgements were in favour of the Bank, but the tax Authority filed appeal against them;
  - Some disputes on road taxes concerning Crédit Agricole Leasing Italia in an amount of about Euro 50 thousand, on which several favourable judgement have already been obtained;
- For Crédit Agricole Leasing Italia, a dispute concerning an assessment VAT on boat leases for fiscal year 2014, for a total amount of Euro 0.67 million, on which the case is pending before the Court of Cassation for its ruling on the unfavourable second-instance judgement. Although believing that its conduct has always been fair and lawful, also considering the right of recourse against Customers for part of the disputed amounts, a provision for risks of Euro 0.54 million was set aside;
- A set of disputes on the Italian town property tax (on the taxpayer liability) regarding Crédit Agricole Leasing Italia for the real estate lease contracts that were terminated subsequent to which it did not get the asset back, for about Euro 1.2 million. For those disputes, considering the uncertain stance of the case law on this matter, albeit favourable provision al judgments have been issued, the Company set aside a provision for risks of Euro 1.1 million.

Lastly, the notice of three assessments was 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 concern the determination of the income of member entities that do not belong to the Crédit Agricole Italia Banking Group, for a total amount including tax, penalty and interest of Euro 6.1 million. On two claims a favourable first-instance judgement was issued and the appeal judgement was pending as at the reporting date, whereas the notice of the other assessment was served in December 2023. It is also pointed out that any expenses shall be paid for by the tax consolidation member entities, which do not belong to the Crédit Agricole Italia Banking Group.

Section 13 – Parent Company Shareholders' Equity – Items 120, 130, 140, 150, 160, 170 and 180

13.1 "CAPITAL" AND "TREASURY SHARES": BREAKDOWN

As at 31 December 2023, the Parent Company's share capital , fully paid in, consisted of 1,102,071,064 ordinary shares, with a nominal value of Euro 1 each.

As at 31 December 2023 the Bank held 6,017 treasury shares.

Please, see the Management Report for more exhaustive information on the book Equity, Own Funds and Capital Ratios.

13.2 CAPITAL - NUMBER OF SHARES: CHANGES FOR THE YEAR

Items/Types	Ordinary	Other
A. Shares - opening balance	**1,102,071,064**	**-**
- fully paid in	1,102,071,064	-
- partially paid in	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	**1,102,071,064**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- for a consideration:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to Employees	-	-
- to Directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**6,017**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	6,017	-
C.3 Disposal of businesses	-	-
C.4 Changes for the year	-	-
D. Outstanding shares: closing balance	**1,102,065,047**	**-**
D.1 Treasury shares (+)	6,017	-
D.2 Shares - closing balance	1,102,071,064	-
- fully paid in	1,102,071,064	-
- partially paid in	-	-

13.3 CAPITAL: OTHER INFORMATION

The unit nominal value of the 1,102,071,064 ordinary shares is Euro 1.

13.5 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

Equity instruments increased amounted to Euro 815 million subsequent to the issue of an Additional Tier 1 (AT1) subordinated instrument.

There were no changes in the reporting period.

Section 14 – Minority interests – Item 190

14.1 BREAKDOWN OF ITEM 190 "MINORITY INTERESTS"

Company name	31 Dec. 2023	31 Dec. 2022
Equity investments in consolidated companies with significant minority interests		
1. Crédit Agricole Leasing Italia S.r.l.	21,505	19,699
2. Crédit Agricole Group Solutions S.c.p.A.	393	393
3. Le Village by CA Parma S.r.l.	357	354
4. Agricola Le Cicogne S.r.l.	1,775	1,815
5. Le Village by CA Triveneto S.r.l.	798	-
6. Le Village by CA Alpi società benefit S.r.l.	135	
Other equity investments	4	5
Total	**24,967**	**23,074**

14.2 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

Only Crédit Agricole Italia S.p.A. Issued equity instruments. There were no other equity instruments issued by companies within the consolidation scope.

OTHER INFORMATION

1 Commitments and financial guarantees given

	Notional value on commitments and financial guarantees given				Total 31 Dec. 2023	Total 31 Dec. 2022
	Stage 1	Stage 2	Stage 3	POCI		
Commitments to disburse funds	**24,000,498**	**256,549**	**111,840**	**-**	**24,368,887**	**21,378,997**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	362,006	11	-	-	362,017	246,958
c) Banks	2,295,487	-	-	-	2,295,487	1,025,995
d) Other financial companies	4,354,094	8,267	1,353	-	4,363,714	2,831,172
e) non-financial corporations	16,098,553	176,586	106,102	-	16,381,241	16,248,481
f) Households	890,358	71,685	4,385	-	966,428	1,026,391
Financial guarantees given	**2,707,256**	**412,180**	**70,514**	**-**	**3,189,950**	**3,270,735**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	12,359	246	-	-	12,605	9,391
c) Banks	518,784	381	-	-	519,165	599,343
d) Other financial companies	54,736	4,058	3	-	58,797	70,012
e) non-financial corporations	2,034,442	388,868	69,527	-	2,492,837	2,481,567
f) Households	86,935	18,627	984	-	106,546	110,422

2. Other commitments and other guarantees given

	Nominal value	
	Amount as at 31 Dec. 2023	Amount as at 31 Dec. 2022
Other guarantees given	**-**	**-**
Of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) non-financial corporations	-	-
f) Households	-	-
Other commitments	**40,532**	**3,924**
Of which: non-performing credit exposures	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	40,532	3,924
e) non-financial corporations	-	-
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount as at 31 Dec. 2023	Amount as at 31 Dec. 2022
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	33,800	-
3. Financial assets measured at amortized cost	16,789,584	21,791,112
4. Property, Plant and Equipment	-	-
- of which: property, plant and equipment inventories	-	-

5. Management and intermediation services

Type of services	Amount
1. Trading on behalf of customers	**-**
a) purchases	-
1. settled	-
2. not yet settled	-
b) sales	-
1. settled	-
2. not yet settled	-
2. Asset management	**-**
a) individual	-
b) collective	-
3. Custody and administration of securities	**95,826,080**
a) third-party securities on deposit held for depository bank services (excluding asset management)	-
1. Securities issued by the reporting Bank	-
2. other securities	-
b) other securities of third parties on deposit (excluding asset management): other	45,243,280
1. Securities issued by the reporting Bank	5,245,008
2. other securities	39,998,272
c) third-party securities deposited with third parties	41,065,735
c) proprietary securities deposited with third parties	9,517,065
4. Other transactions	**-**

6. Financial assets subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Gross amount of financial liabilities offset (b)	Net amount of financial assets recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2023	Net amount as at 31 Dec. 2022
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,062,047	-	1,062,047	937,904	-	124,143	296,700
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2023	**1,062,047**	**-**	**1,062,047**	**937,904**	**-**	**124,143**	**X**
Total 31 Dec. 2022	**1,650,538**	**-**	**1,650,538**	**1,353,838**	**-**	**X**	**296,700**

7. Financial liabilities subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Gross amount of financial assets offset (b)	Net amount of financial liabilities recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2023	Net amount 31 Dec. 2022
				Financial Instruments (d)	Cash deposits as collateral (e)		
1. Derivatives	2,337,781	-	2,337,781	937,904	1,021,650	378,227	676,855
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2023	**2,337,781**	**-**	**2,337,781**	**937,904**	**1,021,650**	**378,227**	**X**
Total 31 Dec. 2022	**4,144,583**	**-**	**4,144,583**	**1,353,838**	**2,113,890**	**X**	**676,855**

IFRS 7 requires specific disclosure on financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or that may be potentially offset, upon occurrence of specific conditions, but are recognised in the Balance Sheet without any netting as they are governed by "master netting agreements or similar arrangements" that do not comply with all the requirements laid down by IAS 32 paragraph 42.

As regards instruments that may potentially be offset, at the occurrence of certain events, and to be reported in tables 6 and 7, it is pointed out that, for transactions in OTC, the Crédit Agricole Italia Banking Group has signed bilateral netting agreements (ISDA) with all banking counterparties it has OTC derivatives if force with, whereby, if certain conditions are met, claims and obligations relating to OTC derivatives may be offset. Furthermore, the Group has signed Credit Support Annexes (CSA) attached to the ISDA agreements, providing for the exchange of collateral with the counterparties in order to reduce net exposure.

In order to prepare the tables and in accordance with IFRS 7 and with the new regulations on Banks' financial statements, it is reported that:

- The effects of the potential offsetting of the balance sheet values of financial assets and liabilities are reported in column (d) "Financial instruments";
- The related cash collaterals are presented in column (e) "Cash deposits received/pledged as collateral";
- Transactions in derivatives are recognized at fair value.

These effects are calculated for each master netting agreement, to the extent of the exposure stated in column (c).

Based on the preparation methods described above, thanks to the netting agreements and the related collateral, the credit/debt exposure to the counterparties can be significantly reduced, as shown in column (f) "Net amount".

PART C – INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 INTEREST AND SIMILAR INCOME: BREAKDOWN

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Financial assets measured at fair value through profit or loss:	**279**	**-**	**-**	**279**	**448**
1.1 Financial assets held for trading	6	-	-	6	8
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	273	-	-	273	440
2. Financial assets measured at fair value through other comprehensive income	**79,175**	**-**	**X**	**79,175**	**89,395**
3. Financial assets measured at amortized cost:	**73,601**	**2,692,560**	**-**	**2,766,161**	**1,567,732**
3.1 Due from banks	4	315,450	X	315,454	46,609
3.2 Loans to customers	73,597	2,377,110	X	2,450,707	1,521,123
4. Hedging derivatives	**X**	**X**	**238,305**	**238,305**	**(370,297)**
5. Other assets	**X**	**X**	**133,121**	**133,121**	**43,575**
6. Financial liabilities	**X**	**X**	**X**	**8**	**52,490**
Total	**153,055**	**2,692,560**	**371,426**	**3,217,049**	**1,383,343**
of which: interest income on impaired financial assets	-	45,708	-	45,708	31,721
of which: interest income on finance leases	X	126,299	X	126,299	54,495

1.2 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

1.2.1 Interest income on foreign-currency financial assets

As at 31 December 2023, interest income on foreign-currency financial assets came to Euro 21,609 thousand.

1.3 INTEREST AND SIMILAR EXPENSES: BREAKDOWN

Items/Technical forms	Due and payables	Securities	Other transactions	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Financial liabilities measured at amortized cost	**(654,353)**	**(258,670)**	**-**	**(913,023)**	**-**
1.1 Due to central banks	(176,713)	X	X	(176,713)	(25,391)
1.2 Due to banks	(83,062)	X	X	(83,062)	(29,602)
1.3 Due to customers	(394,578)	X	X	(394,578)	(60,058)
1.4 Debt securities issued	X	(258,670)	X	(258,670)	(105,523)
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**-**
4. Other liabilities and provisions	**X**	**X**	**(218)**	**(218)**	**(4,090)**
5. Hedging derivatives	**X**	**X**	**(558,231)**	**(558,231)**	**145,386**
6. Financial assets	**X**	**X**	**X**	**(15)**	**(2,573)**
Total	**(654,353)**	**(258,670)**	**(558,449)**	**(1,471,487)**	**138,723**
Of which: interest expenses on lease liabilities	(9,853)	X	X	(9,853)	(8,138)

1.4 INTEREST AND SIMILAR EXPENSES: OTHER INFORMATION

1.4.1 Interest expense on foreign-currency liabilities

As at 31 December 2023, interest expense on foreign-currency financial liabilities came to Euro 7,986 thousand.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

Items	31 Dec. 2023	31 Dec. 2022
A. Positive differentials on hedging transactions	773,669	403,323
B. Negative differentials on hedging transactions	(1,093,595)	(628,234)
C. Balance (A-B)	**(319,926)**	**(224,911)**

Section 2 – Fees and Commissions – Items 40 and 50

2.1 FEE AND COMMISSION INCOME: BREAKDOWN

Type of services/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
a) Financial instruments	**249,886**	**276,214**
1. Placement of securities	232,452	262,156
1.1 With firm commitment underwriting and/or based on an irrevocable commitment	-	-
1.2 Without irrevocable commitment	232,452	262,156
2. Receipt and transmission of orders and trading on customers' behalf	16,526	13,282
2.1 Receipt and transmission of orders for one or more financial instruments	16,526	13,282
2.2 Trading on behalf of customers	-	-
3. Other fees and commissions on activities in financial Instruments	908	776
Of which: proprietary trading	750	673
Of which: individual portfolio management	158	107
b) Corporate Finance	**-**	**-**
1. M&A advice	-	-
2. Treasury services	-	-
3. Other fees and commissions on corporate finance services	-	-
c) Investing advice	**1,167**	**345**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**-**	**-**
f) Custody and administration	**6,127**	**5,738**
1. Depositary bank services	-	-
2. Other fees and commissions on custody and administration	6,127	5,738
g) Central administrative services for collective portfolio management	**-**	**-**
h) Fiduciary activities	**-**	**-**
i) Payment services	**435,340**	**415,380**
1. Current accounts	278,559	278,253
2. Credit cards	38,942	31,206
3. Debit cards and other payment cards	49,513	40,656
4. Credit transfers and other payment orders	24,023	27,273
5. Other fees and commissions on payment services	44,303	37,992
j) Distribution of third-party services	**413,074**	**413,261**
1. Collective portfolio management	-	-
2. Insurance products	339,990	343,091
3. Other products	73,084	70,170
Of which: individual portfolio management	11,483	13,313
k) Structured finance	**45,946**	**44,959**
l) Securitization servicing	**-**	**-**
m) Commitments to disburse funds	**-**	**-**
n) Financial guarantees given	**24,930**	**23,872**
Of which: credit derivatives	**-**	**-**
o) Financing transactions	**12,856**	**13,961**
Of which: for factoring	-	1,875
p) Foreign exchange trading	**7,053**	**7,514**
q) Commodities	**-**	**-**
r) Other fee and commission income	**73,457**	**70,176**
Of which: for management of multilateral trading facilities	-	-
Of which: management of organized trading facilities	-	-
Total	**1,269,836**	**1,271,420**

Item “r) Other fee and commission income” mainly reports fee and commission income from Collection services for Euro 29,809 thousand and fee and commission income on e-money services for Euro 24,758 thousand.

2.2 FEE AND COMMISSION EXPENSE: BREAKDOWN

Services/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
a) Financial instruments	**(2,967)**	**(2,925)**
Of which: trading in financial instruments	(2,967)	-
Of which: placement of financial instruments	-	(2,925)
Of which: individual portfolio management	-	-
- On own account	-	-
- Delegated by third parties	-	-
b) Clearing and settlement	**-**	**-**
c) Collective portfolio management	**-**	**-**
1. On own account	-	-
2. Delegated by third parties	-	-
d) Custody and administration	**(2,411)**	**(2,285)**
e) Collection and payment services	**(11,270)**	**(11,095)**
Of which: credit cards, debit cards and other payment cards	(7,343)	(6,714)
f) Securitization servicing	**-**	**-**
g) Commitments to receive funds	**-**	**-**
h) Financial guarantees received	**(12,040)**	**(13,334)**
Of which: credit derivatives	-	-
i) Off-premises distribution of financial instruments, products and services	**-**	**-**
j) Foreign exchange trading	**-**	**-**
k) Other fee and commission expenses	**(21,745)**	**(20,008)**
Total	**(50,433)**	**(49,647)**

Item “k) Other fee and commission expenses” mainly reports fee and commission expenses on e-money services for Euro 13,347 thousand.

Section 3 – Dividend and similar income – Item 70

3.1 DIVIDEND AND SIMILAR INCOME: BREAKDOWN

Items/Revenues	Total 31 Dec. 2023		Total 31 Dec. 2022	
	Dividend income	Similar income	Dividend income	Similar income
A. Financial assets held for trading	5	-	4	-
B. Other financial assets mandatorily measured at fair value	1,108	887	897	1,898
C. Financial assets measured at fair value through other comprehensive income	10,667	-	10,557	-
D. Equity investments	-	-	-	-
Total	**11,780**	**887**	**11,458**	**1,898**

The main dividend for the reporting year referred to the shareholding in the Bank of Italy, which was classified in the “ C Financial assets measured at fair value through other comprehensive income” portfolio (Euro 9,563 thousand).

Similar income relating to“B. Other financial assets mandatorily measured at fair value” mainly consists of income from OICR Collective Investment Undertakings units.

Section 4 – Net profits (losses) on trading activities – Item 80

4.1 NET PROFIT (LOSS) ON TRADING ACTIVITIES: BREAKDOWN

Transactions/income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**1,110**	**(3)**	**(32)**	**1,075**
1.1 Debt securities	-	1,110	(3)	(32)	1,075
1.2 Equity securities	-	-	-	-	-
1.3 Units of O.I.C.R. collective investment undertakings	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Due and payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**9,671**
4. Derivatives	**192,619**	**248,615**	**(194,044)**	**(243,862)**	**3,935**
4.1 Financial derivatives:	192,619	248,615	(194,044)	(243,862)	3,935
- On debt securities and interest rates	192,619	248,615	(194,044)	(243,862)	3,328
- On equity securities and equity indices	-	-	-	-	-
- On foreign exchange and gold	X	X	X	X	607
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value option	X	X	X	X	-
Total	**192,619**	**249,725**	**(194,047)**	**(243,894)**	**14,681**

Section 5 – Net profits (losses) on hedging activities – Item 90

5.1 NET PROFIT (LOSS) ON HEDGING ACTIVITIES: BREAKDOWN

Income components/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Income from:		
A.1 Fair value hedging derivatives	1,408,025	1,666,033
A.2 Hedged financial assets (fair value)	540,590	4,757
A.3 Hedged financial liabilities (fair value)	874	3,504,988
A.4 Cash flow hedging financial derivatives	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income from hedging activities (A)	**1,949,489**	**5,175,778**
B. Expenses for:		
B.1 Fair value hedging derivatives	(768,140)	(3,579,658)
B.2 Hedged financial assets (fair value)	(8,633)	(1,428,940)
B.3 Hedged financial liabilities (fair value)	(1,181,613)	(177,486)
B.4 Cash flow hedging financial derivatives	-	-
B.5. Assets and liabilities in foreign currencies	-	-
Total expenses on hedging activities (B)	**(1,958,386)**	**(5,186,084)**
C. Net profit (loss) on hedging activities (A - B)	**(8,897)**	**(10,306)**
of which: fair value adjustments in hedge accounting on net positions	-	-

Section 6 – Profits (losses) on disposal/repurchase – Item 100

6.1 PROFITS (LOSSES) ON DISPOSAL/REPURCHASE: BREAKDOWN

Items/Income components	31 Dec. 2023			31 Dec. 2022		
	Profits	Losses	Net profit (loss)	Profits	Losses	Net profit (loss)
A. Financial Assets						
1 Financial assets measured at amortized cost	142,398	(69,222)	73,176	47,915	(26,966)	20,949
1.1 Due from banks	-	-	-	6	(576)	(570)
1.2 Loans to customers	142,398	(69,222)	73,176	47,909	(26,390)	21,519
2. Financial assets measured at fair value through other comprehensive income	47,124	(21,117)	26,007	54,498	(39,754)	14,744
2.1 Debt securities	47,124	(21,117)	26,007	54,498	(39,754)	14,744
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**189,522**	**(90,339)**	**99,183**	**102,413**	**(66,720)**	**35,693**
B. Financial liabilities measured at amortized cost						
1. Due to banks	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-
3. Debt securities issued	50	(1,720)	(1,670)	9,297	(240)	9,057
Total liabilities (B)	**50**	**(1,720)**	**(1,670)**	**9,297**	**(240)**	**9,057**

Section 7 – Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss – Item 110

7.1 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

There were no financial assets and liabilities designated at fair value.

7.2 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

Transactions/income components	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	**919**	**5,581**	**(3,926)**	**(8)**	**2,566**
1.1 Debt securities	919	2,219	(3,348)	-	(210)
1.2 Equity securities	-	3,362	(1)	(8)	3,353
1.3 Units of collective investment undertakings	-	-	(577)	-	(577)
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currencies: foreign exchange differences	X	X	X	X	-
Total	**919**	**5,581**	**(3,926)**	**(8)**	**2,566**

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

8.1 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN

Transactions/income components	Adjustments						Recoveries				Total 31 Dec. 2023	Total 31 Dec. 2022
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-off	Other	Write-off	Other						
A. Due from banks	(8)	-	-	(5)	-	-	169	-	-	-	156	(1,545)
- Loans	(8)	-	-	(5)	-	-	169	-	-	-	156	(1,545)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans to and receivables from Customers	(30,403)	(224,729)	(30,408)	(322,212)	-	-	87,794	123,926	109,709	-	(286,323)	(283,735)
- Loans	(29,067)	(224,729)	(30,408)	(321,541)	-	-	84,739	123,926	109,709	-	(287,371)	(275,025)
- Debt securities	(1,336)	-	-	(671)	-	-	3,055	-	-	-	1,048	(8,710)
Total	**(30,411)**	**(224,729)**	**(30,408)**	**(322,217)**	**-**	**-**	**87,963**	**123,926**	**109,709**	**-**	**(286,167)**	**(285,280)**

8.2 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

Transactions/income components	Losses (1)						Recoveries (2)				Total 31 Dec. 2023	Total 31 Dec. 2022
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-off	Other	Write-off	Other						
A. Debt securities	(1,736)	-	-	-	-	-	135	-	-	-	(1,601)	(3,702)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(1,736)**	**-**	**-**	**-**	**-**	**-**	**135**	**-**	**-**	**-**	**(1,601)**	**(3,702)**

Section 9 – Profits/losses on contract modifications without derecognition – Item 140

9.1 PROFITS (LOSSES) ON CONTRACTUAL MODIFICATIONS: BREAKDOWN

Losses on contract modifications came to Euro 7,495 thousand.

This item reports the impacts resulting from contract modifications on medium/long-term loans to customers, which, as they do not classify as substantial in accordance with IFRS 9, do not entail derecognition of the assets, but recognition in the Income Statement of the modifications made to contractual cash flows.

Section 12 – Administrative expenses – Item 190

12.1 PERSONNEL EXPENSES: BREAKDOWN

Type of expense/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1) Employees	(1,016,542)	(961,651)
a) wages and salaries	(703,232)	(709,767)
b) social security contributions	(184,679)	(184,374)
c) severance benefits	(785)	(962)
d) pensions	-	-
e) allocation to employee severance benefit provision	(3,561)	(199)
f) allocation to provision for post-employment and similar obligations:	(1,116)	(98)
- defined-contribution	-	-
- defined-benefit	(1,116)	(98)
g) payment to external supplementary pension schemes:	(64,981)	(67,926)
- defined-contribution	(64,981)	(67,926)
- defined-benefit	-	-
h) costs from share-based payment agreements	-	-
i) other employee benefits	(58,188)	1,675
2) Other staff	(663)	(2,299)
3) Directors and Auditors	(1,706)	(2,548)
4) Retired personnel	-	-
5) Expense recovery for employees seconded to other companies	2,561	5,346
6) Expense refund for third parties' employees seconded to the company	(823)	(4,448)
Total	**(1,017,173)**	**(965,600)**

12.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	31 Dec. 2023
Employees:	11,820
a) Senior Managers	146
b) Junior Managers	5,279
c) other Employees	6,395
Other staff	54

The figures reporting the number of employees take account of incoming and outgoing secondments; the "Other staff" figure refers exclusively to non-employees.

12.3 COMPANY DEFINED-BENEFIT PENSION PLANS: COSTS AND REVENUES

	31 Dec. 2023	31 Dec. 2022
Provision for the year	-	-
Changes due to passing of time	(1,116)	(98)

12.4 OTHER EMPLOYEE BENEFITS

These mainly consisted of the costs incurred for incentives to voluntary redundancy, for non-occupational policies, of the costs for financed education, refresher and training, and for employee benefits, as well as contributions to the employees' recreational club .

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2023	31 Dec. 2022
Direct and indirect taxes	(161,546)	(150,903)
IT services, data processing	(86,857)	(90,770)
Facility rental and management	(10,392)	(11,446)
Expenses for advisory services	(22,866)	(32,823)
Mail, telegraph and delivery services	(6,550)	(7,915)
Telephone and data transmission	(6,468)	(9,218)
Legal expenses	(4,279)	(8,270)
Property maintenance	(15,535)	(14,906)
Furnishing and plant maintenance	(7,248)	(10,433)
Marketing, promotion and entertainment expenses	(19,258)	(15,256)
Transport services	(14,555)	(13,221)
Lighting, heating and air conditioning	(23,272)	(26,472)
Printed material, stationery and consumables	(5,665)	(6,262)
Staff training expenses and reimbursements	(8,717)	(8,437)
Security services	(4,876)	(4,239)
Information and title searches	(5,739)	(6,380)
Insurance premiums	(244,110)	(201,183)
Cleaning services	(8,952)	(9,638)
Leasing of other property, plant and equipment	(58,865)	(57,326)
Management of archives and document handling	(10,962)	(11,117)
Reimbursement of costs to Group companies	(30,988)	(33,265)
Contributions to support the banking system	(101,038)	(95,873)
Sundry expenses	(26,659)	(27,278)
Total	**(885,397)**	**(852,631)**

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

13.1 NET PROVISIONS FOR CREDIT RISK ON COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: BREAKDOWN

The "Net provisions for credit risk on commitments and guarantees" item came to Euro 6,528 thousand.

13.2 NET PROVISIONS FOR OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN: BREAKDOWN

As at 31 December 2023, there were no provisions for other commitments and guarantees given.

13.3 NET PROVISIONS FOR OTHER RISKS AND CHARGES: BREAKDOWN

The“Net provisions for risks and charges” item for 2023 reports a negative mismatch of Euro 38,760 thousand and consists of Euro 401 thousand in provisions for revocatory actions, Euro 14,997 thousand in provisions for non-lending-related legal disputes and Euro 23,362 thousand in other provision.

Section 14 – Net adjustments/writebacks of property, plant and equipment – Item 210

14.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a+b-c)
A. Property, plant and equipment:				
1. Operating assets	(96,006)	(4,632)	1,388	(99,250)
- owned	(45,593)	-	-	(45,593)
- Rights of use acquired through leases	(50,413)	(4,632)	1,388	(53,657)
2. Investment property	(7,772)	(15,759)	-	(23,531)
- owned	(5,901)	(15,759)	-	(21,660)
- Rights of use acquired through leases	(1,871)	-	-	(1,871)
3. Inventories	X	-	-	-
B. Assets held for sale	-	(3,433)	-	(3,433)
Total	**(103,778)**	**(23,824)**	**1,388**	**(126,214)**

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

15.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a+b-c)
A. Intangible assets				
of which. software	(1,393)	-	-	(1,393)
A.1 Owned	(94,074)	-	-	(94,074)
- Internally generated	(2,116)	-	-	(2,116)
- Other	(91,958)	-	-	(91,958)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(94,074)**	**-**	**-**	**(94,074)**

Section 16 – Other operating expenses and income – Item 230

16.1 OTHER OPERATING EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2023	31 Dec. 2022
Expenses for finance lease transactions	(7,417)	(8,191)
Amortization of expenditure for leasehold improvements	(5,620)	(5,934)
Other expenses	(19,048)	(12,856)
Total	**(32,085)**	**(26,981)**

16.2 OTHER OPERATING INCOME: BREAKDOWN

Type of expense/Values	31 Dec. 2023	31 Dec. 2022
Rental income and recovered expenses on real estate	4,930	5,443
Income from finance lease contracts	2,886	2,735
Expenses for rents recovered	-	246
Taxes and levies recovered	138,642	125,918
Insurance costs recovered	244,333	198,842
Other expenses recovered	10,383	8,055
Service recovery	2,580	2,529
Other income	13,593	16,116
Total	**417,347**	**359,884**

Section 17 – Profits (losses) on equity investments – Item 250

17.1 PROFITS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

Income component/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1) Joint arrangements		
A. Income	23	23
1. Revaluations	23	23
2. Profits on disposal	-	-
3. Recoveries	-	-
4. Other income	-	-
B. Expenses	-	-
1. Writedowns	-	-
2. Writedowns for impairment	-	-
3. Losses on disposal	-	-
4. Other expenses	-	-
2) Investees subject to significant influence		
A. Income	4,527	9,298
1. Revaluations	1,540	2,241
2. Profits on disposal	2,934	4,580
3. Recoveries	-	-
4. Other income	53	2,477
B. Expenses	(403)	(219)
1. Writedowns	-	(217)
2. Adjustments for impairment	(403)	-
3. Losses on disposal	-	(2)
4. Other expenses	-	-
Net profit (loss)	**4,147**	**9,102**

The gains on the disposal of GeneralFinance S.p.A. for an amount of Euro 15,432 thousand.

Section 18 – Net profit (loss) from property, plant and equipment and intangible assets measured at fair value – Item 260

18.1 NET PROFIT (LOSS) FROM PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE (OR REVALUED AMOUNT) OR AT THEIR EXPECTED REALIZABLE VALUE: BREAKDOWN

Assets/Income components	Revaluations (a)	Impairment (b)	Foreign exchange differences		Net profit (loss) (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plant and equipment:	**-**	**(402)**	**-**	**-**	**(402)**
A.1 Operating assets:	-	-	-	-	-
- owned	-	-	-	-	-
- Rights of use acquired through leases	-	-	-	-	-
A.2 Investment property	-	-	-	-	-
- owned	-	-	-	-	-
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	(402)	-	-	(402)
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned:	-	-	-	-	-
- Internally generated	-	-	-	-	-
- Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	**-**	**(402)**	**-**	**-**	**(402)**

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

20.1 PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN

Income component/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Real estate	3,072	3,031
- Profits on disposal	3,754	3,401
- Losses on disposal	(682)	(370)
B. Other assets	(16)	(1,100)
- Profits on disposal	102	32
- Losses on disposal	(118)	(1,132)
Net profit (loss)	**3,056**	**1,931**

Section 21 – Taxes on income from continuing operations: Item 300

21.1 TAXES ON INCOME FROM CONTINUING OPERATIONS: BREAKDOWN

Income components/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1 Current taxes (-)	(45,291)	(15,481)
2. Changes in current taxes for previous years (+/-)	340	(153)
3. Reduction in current taxes for the year (+)	3,750	740
3.bis Reduction in current taxes for the year for tax receivables pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(280,082)	(68,490)
5. Change in deferred tax liabilities (+/-)	19,124	62,581
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(302,159)	(20,803)

21.2 RECONCILIATION OF THEORETICAL TAX LIABILITY ANS ACTUAL TAX LIABILITY RECOGNIZED

	31 Dec. 2023
Theoretical taxable income	**1,012,086**
Income taxes - Theoretical tax liability at the ordinary rate	(278,324)
- effect of expenses that are fully or partially non-deductible and income that is fully or partially non-taxable	30,364
- consolidation effect	138
Income tax – actual tax liability	**(247,821)**
- effect of realignment under Art.110 of Italian Decree Law 104/2020	6,300
-Effect of deduction and tax credits	3,654
IRAP - Theoretical tax liability	**(55,665)**
- effect of income/expenses that do not contribute to the taxable base	(116,952)
- effect of other changes	108,332
- consolidation effect	(7)
IRAP - Actual tax liability	**(64,291)**
Actual tax liability recognized	**(302,159)**
Of which: actual tax liability on continuing operations	(302,159)
Of which: actual tax liabilities on discontinued operations	-

Section 23 – Profit (loss) for the period attributable to minority interests – Item 340

23.1 BREAKDOWN OF ITEM 340 “PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERESTS”

Profit attributable to minority interests came to Euro 1,742 thousand, mainly regarding Crédit Agricole Leasing Italia S.r.l.

Company name	31 Dec. 2023	31 Dec. 2022
Equity investments in consolidated companies with significant minority interests		
1 Crédit Agricole Leasing S.r.l.	1,804	1,394
2. Other equity investments	(62)	80
Total	**1,742**	**1,474**

Section 25 – Earnings per share

25.1 AVERAGE NUMBER OF ORDINARY SHARES OF DILUTED CAPITAL

This piece of information shall be given by Banks listed on regulated markets.

PART D – COMPREHENSIVE INCOME

BREAKDOWN STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2023	31 Dec. 2022
10.	**Profit (Loss) for the period**	**709,927**	**560,068**
Other income components not reclassified to profit or loss		**(15,486)**	**23,656**
20.	Equity securities designated at fair value through other comprehensive income	(9,733)	12,996
	a) Fair value change	(10,039)	(1,717)
	b) Transfers to other equity components	306	14,713
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating):	-	-
	a) Fair value change	-	-
	b) Transfers to other equity components	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
	a) Fair value change (hedged item)	-	-
	a) Changes in fair value (hedging instrument)	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	(7,833)	21,323
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured using the equity method	(19)	12
100.	Financial revenues or costs relating to insurance contracts issued	2,099	(10,675)
110.	Income taxes for other income components not reclassified to profit or loss		
Other income components reclassified to profit or loss		**10,887**	**(22,317)**
120.	Hedging of investments in foreign operations:	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Foreign exchange differences:	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
140.	Cash flow hedges:	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	of which: gains (losses) on net positions	-	-
150.	Hedging instruments: (not designated elements)	-	-
	a) Value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
160.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	17,364	(34,514)
	a) Fair value changes	12,199	(24,793)
	b) reclassification to profit or loss	5,165	(9,721)
	- adjustments for credit risk	1,601	3,702
	- profit/losses on disposal	3,564	(13,423)
	c) other changes	-	-
160.	Non-current assets held for sale	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	- adjustments for credit risk	-	-
	- profit/losses on disposal	-	-
	c) other changes	-	-
170.	Non-current assets held for sale and discontinued operations	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
180.	Share of valuation reserve on equity investments measured with the equity method:	-	-
	a) changes in fair value	-	-
	b) reclassification to profit or loss	-	-
	- impairment losses	-	-
	- profit/losses on disposal	-	-
	c) other changes	-	-
190.	Financial revenues or costs relating to insurance contracts issued	-	-
	a) Value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
200.	Financial revenues or costs relating to reinsurance cessions	-	-
	a) Value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
210.	Income taxes for other income components reclassified to profit or loss	(6,477)	12,197
220.	**Total other comprehensive income**	**(4,599)**	**1,339**
230.	**Comprehensive income (10+220)**	**705,328**	**561,407**
240.	Consolidated comprehensive income attributable to Minority Interests	1,741	1,481
250.	**Consolidated comprehensive income pertaining to the Parent Company**	**703,587**	**559,926**

PART E - INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

The Crédit Agricole Italia Banking Group attaches great importance to the measurement, management and control of risks, as an essential factor to achieve sustainable growth.

Crédit Agricole Italia is the operating Parent Company in Italy and is engaged in overall risk guidance and control, acting both as coordinator and as a commercial bank with its own distribution network.

In turn, the system set by Crédit Agricole Italia is based on the Supervisory regulations and on the directions issued by Credit Agricole S.A. concerning its subsidiaries.

Its approach to risks takes account of the features of its main reference market and of the guidelines issued by the French Parent Company on the Group's vocation as customer-focused proximity bank, which results in services designed to build and consolidate priority relations with local Customers, by fully understanding their specificities and enhancing their potential for development and growth, as well as by offering lines of dedicated products and services, specialist Branches throughout the geographical areas of operations, by making product specialists available to Customers and by providing training programs that involve also Trade Associations.

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

RISK APPETITE AND CULTURE DISSEMINATION

The Crédit Agricole Italia Banking Group has set down its Risk Appetite Framework consistently with the guidelines and with the strategic plan of the Parent Company Crédit Agricole S.A.

This framework entails a set of global limits, alert thresholds and indicators that are set out in operational terms by the Group Risk Strategy, on a yearly basis. Then, these limits are submitted to the Boards of Directors of the Parent Company and of the single Entities of the Group for their approval.

The Risk Strategy has the objective to provide for and steer credit risk, operational risk, market and financial risks.

In order to constantly ensure effective risk measurement and effective integration of risk management in the Group's governance and operations, as well as dissemination and sharing of risk culture, the Group's organization includes, on a permanent and fully structured basis, specific Committees and Interdepartmental Working Groups, the members of which are the reference roles of all relevant corporate Departments.

To be noted are the Risks and Internal Control Committee and the ALM Committee, which, within their different Risk scopes (Credit Risk, Operational Risk, Financial Risk and Compliance Risk) are responsible for designing and formalizing risk management policies, for structuring and assigning tasks and responsibilities to corporate bodies and departments, for monitoring risk trends and steering the relevant action plans, consistently with the Group's risk appetite and with the guidelines issued by the Parent Company Crédit Agricole and adopted by the Board of Directors.

Going downstream in the organization, important drivers for the dissemination of risk culture are provided by:

- The Operational Risk Manager (ORM), a key role for activity and support, within the reference perimeter, on the identification of operational risks and processing of the relevant practices;
- Preparation of 2.1 controls, which directly involves the relevant structures in defining the scopes to be monitored;
- Scenario analysis and RSA (Risk Self-Assessment,with subsequent implementation of risk mapping), which directly involve the relevant structures in identifying risk and their possible consequences;
- Management support on the outsourcing of important operational functions;
- Specific training.

Risk Appetite Framework

The Crédit Agricole Italia Banking Group has set down its Risk Appetite Framework - "RAF" at the Board of Directors meetings held on 20 December 2022 and on 23 March 2023. This risk appetite statement is an integral part and plays a pivotal role in the definition of the Governance framework, since, consistently with the maximum risk that may be taken, it includes the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the reference processes required to define and implement them.

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

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

In 2023, the Crédit Agricole Italia Banking Group carried out the usual process for the identification of material risks, in accordance with the layout received from the Controlling Company Crédit Agricole SA, and consistently with information given in the ICAAP document and in the Internal Control Annual Report (ICAR or with the Italian acronym RACI); 16 material risks were identified, falling into the credit risk, financial risks, strategic risk, operational risks, noncompliance and real estate risks macro-categories. Furthermore,, the Crédit Agricole Italia Banking Group and Agricole SA have always paid close attention to climate and environmental issues and, in 2023 climate risk, in its sub-categories of physical risk and energy transition, was included in the Group's Risk Map, as done in the previous years.

In 2023, the first works started on the climate-related and environmental risk indicators, which will then be integrated into the RAF.

The Group's Risk Appetite expresses the risk level that the Group is willing to take for each type of risk. The Group's risk appetite has been determined based especially on its financial policy and on its risk management policy and is expressed through:

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

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

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

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

Moreover, the Group’s risk appetite is also expressed by the management of qualitative risks, concerning the Group’s strategy and operations, especially based on the Company’s will to pursue sustainable development and effective management of risks. The Group has implemented a set of operational limits that are laid down in its Risk Strategy and have become an integral part of the RAF. These indicators allow better classification and monitoring of the risks taken, ensuring pervasiveness of the RAF model.

Lastly, in 2023, within the RAF ordinary operation, opinions were given regarding the consistency of any Material Transactions (*Operazioni di Maggior Rilievo* - or with the Italian acronym OMR) with the RAF and with the risk management policy at the Group level.

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

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

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

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

Climate-related and environmental risks

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

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

The actions deployed in 2023 concerned the training of the Board and of personnel, the appointment of new ESG experts, the increase in the number of members of the ESG and Sustainability Committees, remuneration policies, the lending policies and processes, the development and marketing of products and services, the provision of investment advisory services,, the monitoring of exposures and management reporting, data collection and management, the development of IT applications, disclosure to the public and reporting to the Supervisory Authorities.

Furthermore, in accordance with expectations no. 6 of the Guide on climate-related and environmental risks, the Risk Management has structured internal reporting aimed at representing the exposures to climate-related and environmental risks in order for the Management Body and the relevant Board Committees to make informed decisions.

The reporting is delivered on a quarterly basis and covers transition and physical risks taking into account both the exposures secured by collateral and unsecured ones, using the place hazard mapping of the Italian territory made available by the ISPRA and INGV, as well as qualitative-quantitative assessments received from external providers.

Furthermore, the Crédit Agricole Italia Banking Group shares, with its French Parent Company, the Net-Zero Banking Alliance commitments in order to align the emissions of the various portfolios with the achievement of climate neutrality by 2050, and, to this end, pursues the objective of providing support to its Customers in their transition process.

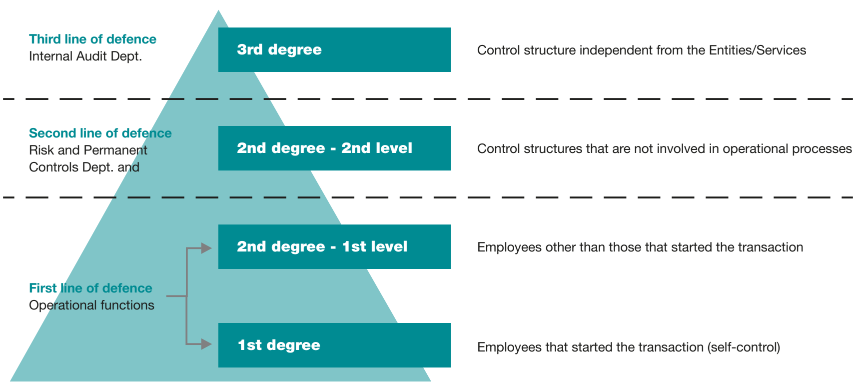
As already done by the ECB and by other national supervisory authorities, in April 2022 the Bank of Italy published its “Supervisory expectations for climate-related and environmental risks”, which are a first set of supervisory expectations regarding the integration of climate-related and environmental risks into business strategies, governance and control frameworks, the risk management framework and in the disclosure to be given by supervised banking and financial intermediaries.

In order to meet the aforementioned supervisory expectations, in March 2023, in its capacity as an entity of the Group, Crédit Agricole Leasing Italia also designed its action plans to ensure full compliance with the Bank of Italy’s supervisory expectations, which is monitored every six months in order to understand the progress in the implementation of the plans. The first and latest monitoring exercise was carried out in Q3 2023 and gave evidence of the completion of some main activities, including: the implementation of ESG indicators in the Incentive System, ESG-specific training, start of the assessment of the product catalogue from an ESG perspective, contribution to the disclosure to the public and reporting to the Supervisory Authorities.

Internal control framework

The Internal Control Framework of the Crédit Agricole Italia Banking Group implements the instructions given by the Italian Supervisory Authority (see Bank of Italy Circular no. 285 of 17 December 2013 as updated) and the guidelines given by its Parent Company Crédit Agricole S.A., which entail compliance with the requirements and expectations laid down in document “Arrêté du 3 novembre 2014 relatif au contrôle interne des entreprises du secteur de la banque, des services de paiement et des services d’investissement”, of the Frech Supervisory Authority ACPR.

The Internal Control Framework is implemented with the three defence lines set out in the chart below:



- First line of defence:
  - 1st degree controls: performed continuously, at the start of any transaction and throughout the process for its validation, by the employees that carry it out and by the persons they report to on a solid line, or performed by the automated systems for transaction processing;
  - 2nd degree – level 1 controls: performed by employees other than those that started the transaction;
- Second line of defence:
  - 2nd degree – level 2 controls: performed by the specialist structures engaged in last-level permanent controls, independent from structures and roles with business executive functions.
  - 1- and 2.1-degree controls aim at identifying, correcting and preventing any irregularities or anomalies in operations. 2.2-degree controls may be performed also based on the evidence found within lower-degree controls and, therefore, they may express also outcomes of lower -degree controls.
- Third line of defence:
  - 3rd degree periodic controls performed by the Internal Audit Department.

The Internal Control Framework adopted by the Crédit Agricole Italia Banking Group results from a process involving:

- The definition of the scope of control and the areas of responsibility of the different players appointed;
- The identification of the main risk zones, based on risk mapping;
- The implementation of the procedures to classify operating activities, decision-making powers and controls;
- The exercise of permanent controls at the different degrees and levels provided for, monitoring correct implementation of the procedures and detection of any early warnings and non-performing instances;
- The exercise of periodic control by the Internal Audit Department;
- The implementation of a specific system for reporting to the corporate bodies and the top management engaged in governance and control functions.

The configuration of the Internal Control Framework is harmonized and formalized in the entire Group through the internal normative system.

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

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

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

The risk management and permanent controls governance function

In 2023 the Risk Management and Permanent Controls Department was engaged in the main projects listed below:

- Intensification of the activity for corporate rating of non-retail counterparties in order to further reduce the unrated and past due portion of the portfolio, in terms of both number and exposures for IFRS 9 purposes;
- Contribution to the training of the Relationship Managers on the Anadefi corporate rating official framework;
- Daily and weekly survey of counterparties with material downgrading of their ratings and subsequent referral to the commercial structure and lending chain for analysis and thorough assessment;
- Participation in workshops and committees, coordinated by the Parent Company Crédit Agricole S.A. and at Crédit Agricole Italia level, concerning the RTCP project on the go-live of new C1 calibration grids and the adoption of new C2 grids in LBO transactions and the DAFNE project (the future rating framework) and update of the calculation model;
- Definition of the requirements for the automated production of the ECB Loan Tape (to be made available to the Regulator during its audits) and implementation of a contingency solution developed in a lab environment pending full automation;
- Evolution in the reporting produced by the Department on the various customer segments and risk scopes in order to strengthen the forecasting capacity and Risk steering;

- Continuation of the portfolio thematic analyses. In this scope, worth mentioning is the stress test exercise on the Individuals portfolio, given the increase in interest rates, identifying priority customers for derisking/reclassification;
- Strengthening of second-level permanent controls on credit risk also responding to specific requests made by the Parent Company Crédit Agricole S.A. in the BCBS 239 scope;
- Supplementing the reporting flows to CAsa (i.e. CRR flows) with the information on leveraged loans and rolling out the updated and enhanced framework of second-level regulatory controls on credit risk by resuming sectoral Portfolio reviews, in cooperation with the Sales and Lending structures, with special regard to the sectors worst hit by the Russia-Ukraine war and by the macroeconomic tensions on energy and commodity costs;
- Supporting the governance bodies in order to monitor credit quality and compliance with the Group Risk Strategy;
- Continuing with the activity of the Lending Central Teams in cooperation with the Commercial and Credit structures for collective review of corporate counterparties that showed problems or that may have problems because of sector-specific or macroeconomic events;
- Enhancement of second-level permanent controls on credit risk;
- Implementation of the updated and enhanced framework of second-level regulatory controls on credit risk:
- Evolution in the CRR reporting flows, in accordance with the instructions given by the Controlling Company Crédit Agricole S.A.;
- Completion of the regulatory compliance and IT actions for full implementation of the new definition of default in processes and tools;
- Maintenance of the risk parameters in the IFRS 9 scope;
- Start of a project aimed at enhancing the efficiency of the early warning process supplementing it with new information sources and new methods for model estimate;
- Interaction with the Regulator on matters regarding the revalidation of the new Retail segment models and start of the activities to put said models into operation, which were validated by the ECB in June 2022 (Retail Material Model Change, the application for which had been submitted to the ECB in July 2020 and an IMI mission was undergone in H1 2021);
- Carrying out the activities needed in order to submit an application to the ECB for the inclusion of the former-Creval portfolio in the credit risk measurement models of the Crédit Agricole Italia Banking Group and for the IRB validation of the corporate portfolio (known as Return to Compliance Plan);
- Completion of the activities for full compliance with the 40th update of the Bank of Italy Circular 285 and start of the first analyses to implement the DORA regulation;
- Preparation of opinions on Material Transactions (*Operazioni di Maggiori Rilievo* or OMR) made by the Group with the assessment of their impacts on the main financial ratios;
- Enhancement of second-level permanent controls on financial risks;
- Continuous maintenance of the market risk monitoring tools and fixing of any troubles;
- Go-live of the updated and enhanced framework of second-level controls on interest rate risk, in accordance with the guidelines given by the Parent Company Crédit Agricole S.A.;
- Preparation of specific opinions on all the transactions made by the Group generating impacts on the financial risk ratios and indicators and requiring an independent opinion to be given by the Risk Management;
- Continuation with the activities for full implementation of the controls system in the MIFID scope;
- Full review of the internal normative instruments for the control of outsourced activities;
- Upgrading of the permanent control framework on accounting controls in accordance with the guidelines given by Crédit Agricole S.A.;
- Monitoring of developments in the applicable legislation and regulations in the Basel IV scope, also participating in an interfunctional Work Group – in synergy with the Group Risk Management of Crédit Agricole S.A. – to define the new methods to calculate the capital requirement for operational risks;
- Implementation and automation of the controls on the loss data collection process;
- Taking part in projects of CA.sa Group Risk Department on the automation and evolution of Operational Risk management (e.g. New application for reporting operational risk events);
- Continuing to monitor the action plans regarding the ECB's 13 expectations on climate-related and environmental risks and the Bank of Italy's 12 expectations;
- Continuing the activity for the assessment, monitoring and reporting of transition and physical risks in order to represent the exposures to climate-related and environmental risks, the outcomes of which are reported on a quarterly basis to the Board. The assessment covers both loans backed by collateral and

unsecured ones, and risk levels are assigned using the place hazard mapping of the Italian territory;
- Conducting the first stress test exercise on climate risk;
- Adoption of the guidelines to manage and measure Model Risk in compliance with Crédit Agricole S.A. standards;
- Continuation and strengthening of all the activities aimed at:
  - Verification and implementation of the developments in the applicable national legislation and of the measures deployed by the Supervisory Authorities to respond to the health and economic crisis still ongoing;
  - Close monitoring, for prudential purposes, of the economic sectors hit by the crisis;
  - Close monitoring of the main indicators concerning financial risks, both regulatory and management ones;
  - Strengthening and fine-tuning of the reporting systems for Customers hit by the health and economic emergency, also in order to comply the new expectations of the Regulator;
  - Close monitoring of Customers benefiting from relief measures deployed in order to provide support to households and businesses;
  - Validation of the new lending policies for Performing Customers, including the new system of lending decision-making powers, which is based on the weighted authorized amount principle;
  - Validation of the new NPE Regulation and of the new policies for the coverage and management of Non-Performing Exposures;
  - Validation of credit risk internal models within the AIRB Return to Compliance Project; – monitoring of regulatory and management Risk Model in production;
  - Monitoring of proper application of the applicable legislation on model risk.

In 2024, the main projects will concern:
- Continuing with sectoral Portfolio reviews, in cooperation with the Sales and Lending structures, with special regard to the sectors worst hit by the macroeconomic tensions on energy and commodity costs, as well as by the increase in interest rates;
- Strengthening of the process regarding Lending Central Teams;
- Maintenance of the second-level regulatory audits expecting to analyze about 50% of Non-Performing Loans, whereas, as regards Performing Loans, priority will be given to the positions showing UTP/Forbearance triggers, as well as rating downgrading, vulnerable sectors and expired review time. Having regard to Non-Performing Loans, constant control will be kept not only on the appropriateness of recovery and classification processes, but also on the developments in the provisions and on their adequacy based on the calendar provisioning;
- Further strengthening of credit risk reporting on the different customer segments, given the ever-changing macroeconomic scenario;
- Further strengthening of the activities to classify and monitor credit risk associated with leverage transactions, with full implementation of the internal normative instruments defined by the Crédit Agricole SA Group;
- Supplementing the present systems for the use of Corporate ratings by extending the adopted approaches as provided by the internal normative instruments (namely, Methodological Note G20);
- Going ahead on the path to alignment to the new tool for centralized calculation of Corporate ratings currently in development (DAFNE);
- Taking part in the Return to Compliance Plan project with the adoption of new corporate rating grids to be applied to significant portfolio exposure for the purpose of the application for the model AIRB approach validation submitted to the ECB;
- Implementation of the new Corporate rating grids in the currently used tool Anadefi, an activity that is functional to the IRB validation for the Corporate portfolio (pending the go-live of the new tool DAFNE);
- Continuing with the activities in the scope of the Return to Compliance Plan and submitting the application for validation to the ECB;
- Implementing the retail models validated by the ECB in June 2022 (Retail Material Model Change);
- IT automation of «ECB Loan Tape» (containing information to be given to the Regulator in case of audits);
- Continuing with the revision of the early warning framework started in 2022;
- Maintenance of the risk parameters in the IFRS 9 scope;

- Completion of the revision of the PD and LGD specific models for provisioning on Performing Loans in accordance with IFRS 9;
- Monitoring and alignment of the new Basel IV regulatory framework for the calculation of capital requirements;
- Supplementing the reporting flows to CAsa (i.e. CRR flows) with information on leveraged loans (LL) and start of the general revision of the framework of the reporting flows to the Parent Company from a Basel IV perspective;
- Implementation of new information flows feeding the Parent Company's database (i.e. the Collecte Flash project) concerning the scopes given below: ESG /Moratoria /SRB Valuation /Financial Conglomerates;
- Change of the ECAI rating provider for the Corporate portfolio (from CERVED to CRIF);
- Enhancement of quantitative and methodological control activities on the relevant perimeter;
- Revision of the permanent controls application;
- Continuing to strengthen control and monitoring of financial risks by implementing the internal tools for the pricing of derivatives sold to Customers;
- Continuing to strengthen control and monitoring on financial risks and the related monitoring tools based on any requests made by the Regulator or the Parent Company and taking into account the ever-changing economic and financial scenario;
- Continuing to strengthen the permanent controls on financial risks, based on the internal normative instruments set by the Parent Company and to be implemented in the Crédit Agricole Italia Banking Group;
- Monitoring of and alignment to the developments in the applicable legislation and regulations on Loss Data Collection (e.g. collection of data on losses associated with environmental events);
- Participation in projects of the Group Risk Department of CA.sa and in Work Groups of Crédit Agricole Italia in the Basel IV scope;
- Implementation and automation of the internal controls on the proper operation of the Loss Data Collection process, also strengthening the audits in case of reallocation of activities not in the scope of responsibility of the Operational Risk and Permanent Controls Division;
- Within a specific corporate project, the necessary activities for full alignment to the DORA regulation will be carried out;
- Start of the first analysis in order to take charge of the DORA Regulation concerning digital operational resilience for the financial sector, which entered into force on 16 January 2023 and will be fully applicable as of 17 January 2025;
- Setting up a skill center in order for it to structure centralized oversight on the monitoring of IT security measures of the Group's IT providers and of their subcontractors;
- Conducting the EBA regulatory stress test exercise;
- Development and continuation of the analysis, monitoring and reporting of physical and transition risks;
- Monitoring of the Net Zero Banking Alliance trajectories;
- Integration of climate-related and environmental risk indicators in the Risk Appetite Framework;
- Updating of the materiality assessment of climate-related and environmental risks;
- Strengthening of the internal reporting intended to represent the exposures to climate-related and environmental risks;
- Preparation of periodic monitoring of the amount lent in products designed to assist customers in their transition and any products available in the EU Taxonomy scope;
- Continuing to monitor the action plans regarding the ECB's 13 expectations on climate-related and environmental risks;
- Supplementing corporate reporting with information on climate-related and environmental risks;
- IMA and Transaction Score validation process;
- Monitoring of the regulatory and management Risk Models currently in production, with special regard to the activities to close the ECB recommendations on this matter still outstanding;

The above activities will be carried out also in cooperation with the relevant structures of the French Parent Company.

The compliance function

The Compliance Department of Crédit Agricole Italia controls non-compliance risk at a central level, also for the Companies of the Crédit Agricole Italia Banking Group.

On that background, the Compliance Department:

- Sets and steers, on a continuous basis, the policies for non-compliance risk prevention, by monitoring the relevant legislation and by assessing and measuring the impact of non-compliance risks on processes and procedures in order to prevent any violation of the legislation and regulations falling in the Department's scope of responsibility; where necessary, it asks for organizational and procedural changes;
- Ensures the effectiveness of the anti-money-laundering arrangement and the related operating, control and reporting activities, in order to prevent money laundering and terrorist financing risks;
- Oversees all matters regarding the applicable legislation on "international sanctions";
- Manages, prevents and mitigates risks of fraud, bribery and corruption, transparency, usury, conflicts of interest, market abuse, risks of non-compliance with the General Data Protection Regulation, personal data protection and ICT compliance risks; it also provides expert advice on the aforementioned risks;
- Provides the relevant reporting to the Bodies engaged in strategic oversight, management and control functions of the Group's entities and to Crédit Agricole S.A..

The Compliance Department performs its control activities for all the entities of the Crédit Agricole Italia Banking Group in accordance with an annual plan of second-level controls, which is designed with a risk-based approach and abiding by the directions given by Crédit Agricole SA.; therefore, it sets, as regards the matters it is responsible for, risk mitigation activities and then verifies their proper implementation.

Within its responsibility and action scopes, the Compliance Department also oversees the implementation of specific innovative projects, in order to ensure compliance by design.

The Crédit Agricole Italia Banking Group has strengthened its system for prevention and management of bribery and corruption risks, implementing a specific Anti-corruption Programme that aims at establishing a culture of prevention and fight against bribery and corruption risks throughout the Group, with a "zero tolerance" approach to any and all behaviours that are not ethical, in general, and to any bribery and corruption risks in particular.

Furthermore, it is the point of contact for the Supervisory Authorities and the Regulators as regards compliance matters and personal data protection.

The internal audit function

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

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

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

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

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

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

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

Specifically, based on a multiyear work plan:

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

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

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

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

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

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

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

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

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

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

Manager in charge

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

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

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

The Validation function

Since December 2013, the Crédit Agricole Italia Banking Group had been initially authorized by the Bank of Italy to use advanced approaches to determine its capital requirement on the Retail portfolio of Crédit Agricole Italia and Crédit Agricole FriulAdria (the latter was absorbed into Crédit Agricole Italia in November 2022). In June 2022 the ECB authorized the model change as applied for in June 2021 and intended to implement the EBA Guidelines on PD estimation, LGD estimation, to include the latest data and to implement the updated standards on the definition of default. The audits on the operation and performance of the aforementioned models will be carried out in 2024 as at least 12 months must pass in order to conduct the relevant assessments. Having regard to the use of risk internal parameters in the business processes, the Validation Service, in compliance with the policy governing its mission, has, on the other hand, carried out controls to verify compliance with the aforementioned requirement. Based on the outcomes of the controls performed by the Validation Service, the rating system used on the Retail portfolio since March 2023 can be safely deemed compliant with the organizational and use-related requirements laid down for the banks authorized to use AIRB approaches to calculate their capital requirements. Indeed, the role of the rating system in decision-making and risk management processes proved once again central given its integration in the risk strategy and lending policies, in lending processes (from loan origination to the management of watch-list loans to the treatment of non-performing loans), in the reporting system, in loan pricing, as well as in the loan portfolio assessment process to prepare the financial statements. The outcomes of the controls aimed at ensuring data quality gave evidence of the reliability of the information used for estimating and monitoring internal models; The instrumental documents supporting the rating system implementation in the information systems were found overall exhaustive, thorough and fit to ensure the calculation process traceability. The results of the aforementioned analyses were submitted to the Board of Directors of Crédit Agricole Italia in December 2023.

Section 1 – Risks of accounting consolidation

In this Section, the reported information regards the entities included in the accounting consolidation scope.

QUANTITATIVE DISCLOSURES

A. Credit quality

All financial assets are classified by credit quality with the exception of equity securities and units of O.I.C.R. collective investment undertakings.

The term "on-balance-sheet exposures" defines all on-balance-sheet financial assets consisting of due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortized cost, financial assets being divested).

The term "off-balance-sheet exposures" means all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken, irrespective of the transaction purposes.

A.1 PERFORMING AND NON-PERFORMING EXPOSURES: AMOUNTS, VALUE ADJUSTMENTS, CHANGES, BREAKDOWN BY ECONOMIC SECTOR

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

Portfolio/quality	Bad loans	Unlikely to Pay	Non-performing past due exposures	Other performing past due exposures	Performing exposures	Total
1. Financial assets measured at amortized cost	138,830	1,418,301	12,468	924,252	69,271,351	71,765,202
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,615,157	3,615,157
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	1,345	1,345
5. Financial assets being divested	-	-	-	-	-	-
Total 31 Dec. 2023	**138,830**	**1,418,301**	**12,468**	**924,252**	**72,887,853**	**75,381,704**
Total 31 Dec. 2022	**130,572**	**1,000,904**	**31,997**	**821,795**	**82,778,154**	**84,763,422**

The breakdowns of forborne exposures by the various credit quality categories are given in the tables in Section 2 - Prudential consolidation risks, as they do not show significant deviations from the accounting consolidation perimeter.

A.1.2 Breakdown of financial assets by portfolio and by credit quality (gross and net values)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs(*)	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortized cost	3,001,997	1,432,397	1,569,600	35,435	70,611,855	416,253	70,195,602	71,765,202
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,620,769	5,612	3,615,157	3,615,157
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	1,345	1,345
5. Financial assets being divested	-	-	-	-	-	-	-	-
Total 31 Dec. 2023	**3,001,997**	**1,432,397**	**1,569,600**	**35,435**	**74,232,624**	**421,865**	**73,812,104**	**75,381,704**
Total 31 Dec. 2022	**2,685,086**	**1,521,613**	**1,163,473**	**44,956**	**84,002,186**	**403,670**	**83,598,516**	**83,598,516**

(*) Value to be stated for disclosure purposes.

The table below reports credit quality evidence regarding exposures classified as financial assets held for trading (securities and derivatives) and as hedging derivatives (not represented in the previous table):

Portfolio/quality	Assets of evidently low credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	26	14	198,475
2. Hedging derivatives	-	-	863,647
Total 31 Dec. 2023	**26**	**14**	**1,062,122**
Total 31 Dec. 2022	**-**	**-**	**1,650,626**

B. INFORMATION ON STRUCTURED ENTITIES (OTHER THAN SECURITIZATION SPECIAL-PURPOSES ENTITIES)

B.1 Consolidated structured entities

As at 31 December 2023, there were no structured entities in the accounting consolidation scope, other than securitization special-purpose entities, of the Crédit Agricole Italia Banking Group.

B.2 Structured entities not consolidated in the accounts

As at 31 December 2023, there were no structured entities in the prudential consolidation scope, other than securitization special-purpose entities, of the Crédit Agricole Italia Banking Group.

B.2.2 other structured entities

The Group's operations through structured entities are performed also through Special Purpose Entities.

To this end, Special-Purpose Entities are the legal entities incorporated in order to achieve a specific purpose, which is clearly defined and limited:

- Funding on the market through the issue of specific financial instruments;
- Developing and/or financing a specific business initiative, able to generate, through a business activity, cash flows sufficient to repay the debt;
- Financing the acquisition of a target company that, through its business activity, will be able to generate cash flows for the Special-Purpose Entity to a sufficient amount for full repayment of the debt.

Operations through securitization special-purpose entities, i.e. entities incorporated to acquire, sell and manage certain assets, separating them from the Originator's financial statements, both for asset-backed securities and for funding via self-securitization or issue of Covered Bonds (CB) is not to be reported in this Section.

For reporting on these types of special-purposes entities, please refer to Sections C. Securitizations and D.Disposal Transactions in Part E of the Note to the consolidated financial statements.

Section 2 – Prudential consolidation risks

In this section, data are stated gross of the relationships with the other companies included in the consolidation of the accounts.

Where the contribution of the relationships between the companies belonging to the prudential consolidation and the other companies included in the consolidation of the accounts is material, it is exhaustively reported at the end of the relevant disclosures.

1.1 CREDIT RISK

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

The responsibilities for the lending operations of the Crédit Agricole Italia Banking Group are vested in the Group Chief Lending Officer., In compliance with the European Central Bank guidelines requiring that non-performing exposures (NPE) be managed by expert and dedicated units separate from those managing performing loans ,the Chief Lending Officer is directly responsible for the two management units (Credit Department and NPE Department) and for a unit engaged in strategic and coordination functions (Intelligence & Asset Disposal Department).

The Credit Department is responsible for lending activities regarding the Performing loan portfolio. This Department has the task of setting, in compliance with the corporate strategies and objectives, the lending policies directions and the guidelines on taking and managing credit risk, coordinating their implementation by the relevant structures of the Bank and of the Group.

This Credit Department has also the following responsibilities:

- To coordinate, fully respecting the independence of every Company of the Crédit Agricole Italia Banking Group, lending to ordinary Customers and to Customers entailing significant exposures.
- To set and oversee the implementation of the Crédit Agricole Italia Banking Group's strategies and guidelines pursuing effective control on the amount of position becoming non-performing and the related cost, by steering the lending chain structures of the Companies of the Group and of the Commercial Channels.
- To define and promote, consistently with the Group strategies and objectives, an appropriate harmonization of lending governance rules.
- To verify, through appropriate operating control mechanisms, compliance with the lending guidelines and policies within the Group, ensuring their quality and monitoring the allocation of loans in terms of sectors and sizes.

The NPE Department is responsible for managing all the exposures classified as non-performing, ensuring and coordinating the relationships with Crédit Agricole SA and the Supervisory Authorities in the NPE scope.

On the relevant Customer perimeter, it is responsible for ensuring management, recovery and/or out-of-court collection of non-performing exposures, in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the associated cost is kept under control.

It is responsible for Customers, single ones and/or by Economic Group, in accordance with the specific "Limits to Decision-Making Powers" and with the specific guidelines set out in the "NPE Regulation" and in the applicable legislation and internal normative instruments (specifically, the "Non performing exposure – Stage3" Policy).

The NPE Department is engaged in the following tasks:

- Coordinating the relations with the Group as regards NPEs, as well as managing the preparation of all NPE-related documentation and reporting to the Supervisory Authorities;
- Arranging for, in cooperation with the Risk Management and Permanent Controls Department, the design and update of the NPE impairment policy, ensuring the use of harmonized models for lending processes and tools to manage NPEs;
- Ensuring, consistently with the Group's strategies and objectives and through the structures reporting to this Division on a solid line, the appropriate harmonization of Models, tools and rules for Loan Management, as regards the positions within the Non-Performing Loans management process;
- Setting, steering and verifying the implementation of the Guidelines on the management, recovery and/or out-of-court/in-court collection of exposures classified as "NPEs" within its scope of responsibility.

The Intelligence and Asset Disposal Department is vested with a dual role as it is engaged in both strategic and operational aspects that cover the loan entire life cycle. Its main mission is to keep a full-range view and oversight on all lending activities, ensuring constant monitoring and implementation of the appropriate actions plans, also with a forestalling approach.

As to the main strategic aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:

- Designing and developing the Group Policies on Performing Loans, in order to ensure their constant evolution, also keeping pace with technological innovations and regulatory requirements;
- Defining the NPE strategy and its evolution at the Group level and the NPE writing down policies;
- Analyzing and developing alternative strategies for the disposal and monetization of the properties pledged as collateral.

As to the main operational aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:

- Governing the whole set of information on loans, in order to set the management direction through data interpretation;
- Driving the evolution of processes in order to pursue the corporate objectives and to ensure regulatory compliance, by managing the main lending-related projects and applications;
- Governing credit risk mitigation and real estate surveillance processes;
- Managing and coordinating the external firms collection services are outsourced from;

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

In 2023, the Crédit Agricole Italia Banking Group completed a profound organizational change of its lending structures, aligning its model to the market best practices and ensuring full compliance with the EBA guidelines on loan origination and monitoring of 29 May 2020, which emphasize that the performing and non-performing loans management chains be separated.

As described in the previous paragraphs, the adopted model went live with the relevant resolution passed by the Board of Directors of the Parent Company on 4 December 2020, which approved the Chief Lending Office (CLO) role as the central lending governance unit directly coordinating:

- The NPE Department, consisting of the UTP and Past Due Management Divisions, Bad Loans and Servicers Division and of the NPE Legal and Support Division;
- The Credit Department, which still comprises the Lending Division and the Watch-list Exposures Management Division.

Later, the model was fine-tuned with the resolutions passed by the Board of Directors of the Parent Company on 28 April 2021 and 27 May 2021, whereby the Intelligence and Asset Disposal Department was set up, reporting directly to the CLO, which now comprises the Portfolio Management and External Collection Governance Division, the Credit Intelligence and Lending Policies Division and the Real Estate Remarketing Service.

Having regard to the non-performing loans chain, over the last two years the Bank completed a revision of its structures, tools and organizational processes. It is specifically pointed out that:

a) The NPE Department is responsible for the management and collection of all non-performing loans (Past due, UTP and Bad loans);
b) A new organizational and operational model was defined for the management of non-performing loans, which provides for:
   - In-house management by specialist structures of the most material positions, broken down into clusters and geographical hubs, in order to ensure closer control on risks;
   - The outsourcing from specialist servicers of the management of positions entailing lower amounts having regard to granular loans classified as UTP (unsecured loans < Euro 50k), bad loans (unsecured and mortgage loans < Euro 500k) and lastly residential mortgage loans (classified both as UTP and bad loans < Euro 500k).

The NPE Department comprises all the structures engaged in the management of non-performing loans. Specifically:

- The UTP and Past Due Management Division, vested with the scopes of responsibility listed below:
  - Ensuring management, recovery and/or out-of-court collection of non-performing exposures (except bad loans), in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the relevant cost is kept under control.
  - Assessing the customers in its scope and providing the single Banks' Loan Committees, the extended Loan Committee of Crédit Agricole Leasing Italia and the Loan Committee of Crédit Agricole Italia with its opinion on loan origination proposals submitted by the Structures reporting to it on a dotted line, in order to ensure that loan origination is consistent with the Group's strategic directions and to coordinate activities regarding key accounts.

On the other hand, the Bad Loans and Services Management Division is mainly responsible for the management, performance and credit quality of loans to Customers of Crédit Agricole Italia and of Crédit Agricole Leasing Italia classified as bad and, therefore, it is responsible for the following scopes.

- Steering the management of these exposures, providing the guidelines on the activities to be carried out by the structures reporting to it, and for ensuring coordination and operational efficiency;
- Overseeing the specific activities carried out by the structures reporting to it, and for determining, where the case, the technical-legal solutions to be implemented;

- Verifying and controlling that the structures reporting to it properly carry out the relevant activities, and for setting the specific benchmarks;
- Ensuring and coordinating that the relevant structures are constantly on top of any developments in the legislation and case law applying to the matters under their responsibility;
- Providing the Structure the Division directly reports to and the Top Officers with adequate reporting and regular briefs on the activities of the Division;
- Overseeing proper management of the Division, training of its staff and of the staff of the structures reporting to it;
- Ensuring control on the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The NPE Legal and Support Division is responsible for:
- Giving legal advice and support in the management of exposures classified as Past Due and UTP in the NPE Department's scope of responsibility.
- Giving legal support in "single name" or "bulk" loan disposals.
- Managing litigation cases in which the Group is the defendant concerning.
- Positions classified as Past Due and UTP; and
- Exposures previously disposed of.
- Managing post sale on positions disposed of (compensation claims, requests for documents).
- Monitoring the case law and jurisprudence relevant for its scope of responsibility and concerning watch-list and non-performing exposures, in order to support constant compliance with the applicable legislation and regulations.
- Managing cost of credit activities, carrying out analyses and reporting to the management, first-level controls on the NPE portfolio through the NPE Support Service.

As regards the Performing Loans management chain, the related activities are assigned to and carried out by the different dedicated structures of the Parent Company and of the investee Banks and Companies, which report to the Credit Department and did not undergo any material alteration within the organizational change approved in 2021. On the other hand, it is pointed out that in 2020,some organizational change actions resolved and were completed in 2021; said actions specifically consist in eliminating the Credit Advisory Division, with concomitant assignment of its responsibilities to the Loan Authorization Division, as regards authorization and origination of performing loans, and to the Watch-list Exposures Management Division, as regards watch-list exposures. Said actions pursued the following objectives:
- Further streamlining of the levels of decision-making bodies, with clearer assignment of their respective responsibilities for performing loans and watch-list exposures;
- Higher specialization in assessing Customers' risk profiles, with the decision-making structure designed to be fully consistent with Customer business segmentation;
- Rationalization of decision-making powers, different in accordance with the Commercial Channels and Customer segments, implementing the new "weighted authorized amount", resulting form the application to the nominal authorized amount of a set of weighting coefficients reflecting the counterparty's specific riskiness, the sector attractiveness and the structure and nature of the credit lines.

Subsequent to the organizational action, the Credit Department of Crédit Agricole Italia comprises three Divisions:
- The Loan Authorization Division, responsible for the performance and credit quality of Performing loans to Customers with no material non-performing signs (performing loans) and comprises Loan Authorization Services, each one of which specializes in assessing the loan proposals made by one of the Commercial channels (Corporate Banking, Private Banking, Retail Banking Small Business, Retail Banking Individuals and Financial Advisors) or specific "production chains" requiring specific skills in risk assessment, especially as regards the Real Estate and Hotel sector;
- The Watch-list Exposures Management Division, responsible for the performance and credit quality of watch-list exposures, meaning loans that show early warning, as per the adopted early-warning indicators, in order to pursue full recovery of the position and/or to design risk mitigation solutions and/or, where these activities do not prove sufficient, for classifying said loans in the non-performing perimeter.

2.2 MANAGEMENT, MEASUREMENT AND CONTROL

Lending policies and strategies

The Lending policies lay down the standards and directions for the Banking Group as a whole, which the Distribution Network and the Decision-making Bodies shall comply with in making lending proposals and decisions. Lending policies are structured in order to foster balanced growth with the worthiest Customers and to recover exposures to the riskiest ones. The Lending Policies are regularly updated consistently with the developments in the economic, financial and market scenarios; they also implement the guidelines set within the Risk Strategy, which is agreed on every year with the Parent Company Crédit Agricole S.A., with specific regard to risk concentration limits and to the limits set for specific types of transactions.

In 2023, the Bank's Lending Policies were modified in order to implement the latest technological developments able to considerably improving lending processes, with advantages both for the Bank, thanks to the improvement in the assessment process within the origination of loans to worthy Customers, and for Customers, thanks to shorter processing time and the streamlining of the decision-making process.

The Lending Policies have been upgraded in order to make use of important innovations, including the elements coming from the new decision-making systems, which are supported by automatic processes. The new automated credit ratings, calculated with algorithms able to navigate and reprocess the mass of performance and quantitative data already available in the Bank's information system, can be classified into two different categories:

- Automated decision-making systems, whose credit rating process does not include any human involvement.
- Semi-automatic decision-making systems, whose credit rating process includes but modest or limited human involvement.

The fine-tuning of the Lending processes was possible thanks especially to the go-live of the "transactional Score" new rating element: this indicator was developed in synergy with the Credit Intelligence and Asset Disposal Department and the Risk Management and Permanent Controls Department, through Artificial Intelligence techniques, and is a credit risk assessment based on Retail customers' current account data.

As it provides for the possibility of classification as defaulted, the Transactional Score enables to select and enter the counterparties that have better quality in terms of credit risk in the automated or semi-automated processes .

In 2024 the Transactional Score is going to be implemented in several processes, specifically in the new Performance Monitoring Indicator (IMA) and in the calculation of the Weighted Authorized Amount in order to more precisely steer the decision-making procedures.

Lending processes

Making reference to the previous paragraph, the processes listed below are part of the Automated Decision-making Systems:

- "Digital Lending with Automated Decision-Making", which gives the possibility to Customers that are Small Businesses and Piccoli Operatori Economici (POE, non-structured enterprises featuring operational flexibility but financial rigidity) to obtain a short-term loan directly from their home banking, with the credit rating calculated digitally: a specific algorithm applies the lending policies designed to this end, determines the possibility of loan origination and puts on record the loan authorization as decided by an automated decision-making body.
- "Fast Credit Card issuing procedure", which, after specific parameters are verified by and algorithm, gives the possibility of issuing credit cards to customers that are natural persons and fall in the Individuals Retail segment, with no human involvement. This solution is counterbalanced by yet another automated mechanism that cancels the payment tools if some specific risk parameters are breached.
- Automatic renewal of Revocable Credit Lines, on Retail Customers, which extends the term of the revocable credit lines of those Customers that, based on a specific selection algorithm, have a very high credit rating and, consequently, immaterial credit risk. Unlike the process previously in force, which required manual confirmation by the Account Manager of the credit lines to renewed, the new procedure has been fully automated, while maintaining the possibility for the Account Managers to step in at their discretion.

On the other hand, Semi-Automatic Decision-Making Systems include the "Preauthorized Rolling Credit Lines" campaigns, which went live in 2022 and 2023, which precisely identify a selected perimeter of Customers (both from the Retail Small Business and the Corporate Banking segments) on which a specific algorithm identifies a preauthorized loan limit on a monthly basis.

These processes also require some manual operation, albeit limited, by the Account Manager, after further precise verifications, getting in touch with the selected Customers to agree on the most appropriate methods whereby the pre-approved amount, which are then made operational with the help of Lending applications.

Development, management and updating of Models – Roles and responsibilities

The process for the development, management and updating of the models, consistently with the guidelines issued by Crédit Agricole S.A., consists in the activities and procedures aimed at defining, at the initial stage, or at later updating the rating models that apply to loan exposures, that is to say, statistical models that have been designed to support credit assessment and to allow the capital requirements to be calculated in terms of risks of unexpected losses for the CA Italia Group.

The models for the measurement of risk parameters aim at achieving – for both reporting and management purposes - risk measures that are:

- Fit to grasp the key elements at the basis of assessment of the creditworthiness of the parties with whom the Group has or intends to assume loan exposures;
- Relatively stable over time over time in order to reflect at all times and in every Customer segment, long-term riskiness (measured by the rate of default) of the Group's exposures, both present and potential;
- Fit to prevent uncontrolled growth of risk in the positive cycle phases and – as a reaction – indiscriminate crunch in lending in negative phases (reverse cycle).

The function responsible for the development, management and updating of the models is the RAF, Models and Reporting Division, which is part of the Risk Management and Permanent Controls Department.

Specifically, the RAF, Models and Reporting Division is responsible for the development of internal rating models and of the LGD model, for the Crédit Agricole Italia Banking Group as a whole, ensuring compliance with the regulatory requirements provided for by the National and European Regulators, with the guidelines issued by the Parent Company and constant alignment to the international best practices. Moreover, this Division is responsible for producing documentation on the structuring and operating details of the adopted models, especially of the rating system, formalizing the features and methods adopted, as well as any alterations in the components and overall structure of the model, setting forth the reasons for such alterations.

Since 2014, the Model Development Function has applied a Model Development Policy, which was approved by the Board of Directors of the Parent Company and adopted by the Boards of Directors of the other Banks in the Group in that year and then updated in 2017.

As approved by the Parent Company's Board of Directors in July 2020 and the following supplement approved in March 2021, the policy was revised and new version provides for three different documents:

- The "Regulation governing the process for the development, monitoring, revision and decommissioning of the internal rating systems" of the Crédit Agricole Italia Banking Group;
- The "Methodological Guidelines for Model Development and Monitoring" manual;
- The "Margins of Conservatism in AIRB models" manual.

The first document listed above formalizes the process implemented to develop, monitor, revise and decommission internal rating systems, setting out the process steps, the Organizational Units involved and their respective responsibilities. It also sets out the process for reporting to the Supervisory Authorities on any changes made to the internal rating systems or to their application scope.

The second document listed above formalizes the guidelines for the development and monitoring of the risk measurement systems for which the Model Development Service is exclusively responsible and shall be complied with by all the entities of the Crédit Agricole Italia Banking Group. Specifically, it exhaustively describes the process to develop Pillar 1 regulatory statistical models (PD, LGD, EAD) as they are used to calculate the Bank's capital requirements.

The third document listed above describes the process to identify, assess, monitor and formalize evidence of the Margins of Conservatism (MoC) to be used in case of estimate uncertainty in the modeling process.

Furthermore, all the internal models used by the Crédit Agricole Italia Group are submitted to the "Comité Normes et Modeles" of the Parent Company Crédit Agricole S.A. for approval, after being validated in-house by the Validation des Modèles Internes Structure of Crédit Agricole S.A. (Along with the Validation Service of CA Italia).

Within its activities for the monitoring and maintenance of the existing models, in 2023 the Model Development Service worked on the main initiatives listed below:

- The go-live of the internal models for the Retail segment, within the Material Model Change process for the Retail segment, which started with the filing of the Application Package with the ECB in June 2020 and ended with the validation given by the Supervisory Authority in 2022.

Said activities also included the assessment of the impacts generated by the new models on corporate processes and systems, planning, in agreement with the owners of the impacted procedures, targeted analyses and the deployment of the identified actions:

- The calculation, on a quarterly basis, of IFRS 9 collective impairment, using methods and models that have been developed in close coordination with the Parent Company Crédit Agricole S.A. and that cover the recent macroeconomic development scenarios.
- The activities for the implementation of the Return to Compliance Plan, which was sent to the ECB on 30 November 2021 and was intended to give the Supervisory Authority the representation of an appropriate strategy for the inclusion of the former Creval portfolio in the models for the measurement of Pillar 1 credit risk. Those activities comprised the start of several project streams for the review/recalibration of the models in force in order to prepare an Application Package that was submitted to the Supervisory Authority in July 2023 for the extension of the use of the Crédit Agricole Italia Banking Group's models to the former-Creval portfolio;
- Continuation of the activities to re-estimate the early-warning model, adding estimate methodologies based on machine learning techniques and enrichment of the model's estimate information set (e.g. transaction data), for more effective and timely risk monitoring.

In 2024, the main projects will concern:

- An Internal Models' Investigation (IMI) concerning the review of the AIRB for Retail Customers and the first validation of advanced approaches for the Corporate Banking segment. These activities were part of the estimate updating process on the former-Creval portfolio;
- The internal stress test exercises in accordance with the Stress Testing Policy that will be submitted to the Board of Directors in early 2024;
- The EBA "Fit-for-55" climate stress test coordinated by the ECB and aimed at top-down measurement of the impact of climate-environmental scenario on the Ca.sa. Group's portfolio;
- The completion of the project for the revision of the early warning model started in 2022.

Cost of credit

The Crédit Agricole Italia Banking Group has kept and enhanced its systematic control on the developments in the quality of the Loans-to-Customers Portfolio; specifically, it has intensified the monitoring on loan positions and has made it even more selective, in order to ensure constant adequacy of recovery expectations in accordance with any changes affecting its counterparties.

In 2023 the cost of risk remained at figures consistent with both default rates and the natural deterioration in non-performing loans. Moreover, thanks to the considerable activity carried out by the operating structure, significant results could be achieved in the recovery of non-performing exposures recognized as at the end of 2022, thus ensuring an important increase in the overall coverage ratios. The process to define, manage and monitor the cost of credit is owned by the NPE Department, which ensures its overall consistency and all he controls within the wider scope of the strategy for the management of Non-performing Loans.

Said process comprises all steps in the cost of credit management, from setting strategic objectives in the NPE Strategy to verifying actuals, with the involvement of all relevant structures and with periodic reporting to the NPE Committee.

The Intelligence and Asset Disposal Department, through the Portfolio Management Service, is responsible for progressive updating of the KPIs set out in the NPE Strategy and for reporting also to the NPE Committee (in order to define strategies, target KPIs and the related monitoring).

Stress test

The credit risk monitoring strategy pursued in 2023 was fully consistent with that pursued in the previous year. The related controls were performed on all channels, focusing on the Corporate Banking Channel (SME/Mid and Large Corporate segments) and on the Small Business and Individuals Retail sub-segments, as well as on Crédit Agricole Leasing Italia.

Moreover, in order to define a reference framework for Stress Test exercises on the different risk scope consistently with the guidelines issued by the Parent Company Crédit Agricole S.A., since 2017 the Crédit Agricole Italia Banking Group has been implementing a specific policy (the Stress Test Policy), which was approved by the Board of Directors of Crédit Agricole Italia and then adopted by all the Companies of the Group. The Stress Test policy is updated and submitted to the Board of Directors for its validation on a yearly basis.

The Policy lays down the quantitative and qualitative techniques with which the Group assesses its vulnerability to exceptional but plausible events; they consist in measuring the impacts on profit or loss, on its financial position and on regulatory aspects generated by specific events (sensitivity analysis) or by combined changes in a set of economic and financial variables in adverse scenarios (scenario analysis). The policy lays down the stress test reference framework of the Crédit Agricole Italia Banking Group, as required by the new regulations issued by the Supervisory Authority and defines the set of stress test exercises to be carried out in the year.

In 2023, the Group stress testing exercises were:

- The regulatory stress testing exercise, contributing to the consolidated calculation made by the Parent Company Crédit Agricole S.A. The stress test was carried out in order to assess the Group's vulnerabilities to adverse macroeconomic scenarios;
- The budget and on the MTP (Budgétaire) stress test exercise, which was carried out using the macroeconomic scenarios given by the Parent Company Crédit Agricole S.A in the period September-November 2023. This exercise, which operated across the various corporate divisions engaged in risk measurement and management, allowed a prospective analysis of the impact on the Income Statement main items (including the cost of credit) and on risk-weighted assets.

In the stress testing exercises, the estimated effects of the economic cycle on the PD allow future developments in Risk Weighted Assets and Expected Loss to be calculated by aggregation level, with the possibility to simulate and calculate separately the impacts in terms of changes in volumes, changes in the capital requirement for operational risk and increase in risk. Moreover, the outcomes of the stress test exercises are taken into account within the definition and management of the Risk Appetite Framework.

Within the Internal Capital Adequacy Assessment Process (ICAAP), the Pillar II requirements were calculated in accordance with the methods defined by the Parent Company Crédit Agricole s.a., which, as regard credit risk on the Retail portfolio, provide for the calculation of RWAs and capital requirements using point-in-time risk parameters consistently with the IFRS9 framework deployed to calculate impairment on performing loans.

2.3 METHODS TO MEASURE EXPECTED LOSSES

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning. The calculation of impairment of performing assets is part of the overall cost of credit process, which is coordinated by the Portfolio Management and External Collection Division.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

The assessment of credit risk is based on an expected loss model and extrapolation based on reasonable future scenarios. All information that is available, pertinent, reasonable and justifiable, including forward-looking information, shall be taken into account.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, a set of forward-looking scenarios is used, each one of which is weighted by the related probability of occurrence. In agreement with its Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios: Said scenarios can be summarized as follows:

- Central scenario, i.e. the most likely scenario;
- Moderately adverse scenario, i.e. the economic scenario in moderately adverse conditions;
- Budget stress scenario, i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- Favourable scenario, i.e. the economic scenario in favourable conditions.

The weights to be assigned to the four scenarios - which may vary at each new estimation of the parameters - are defined by the Crédit Agricole Group (Group Economic Research Department of CAsa) and shared with the local management

The Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default (EAD).

As already pointed out, these parameters have also been defined broadly based on the internal models used as part of the regulatory framework (where any), although they had to be adjusted in order to determine an ECL fully compliant with IFRS 9. Indeed, the standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECLs are calculated according to the type of product concerned, i.e. financial instruments or off-balance sheet instruments. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models and parameters used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses any increase in credit risk from origination to every reporting date. Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply. Contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Monitoring for any significant increase in credit risk shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any increase in credit risk is assessed through (relative or other criteria) quantitative criteria and qualitative criteria.

Relative Criteria: some thresholds (SICR) have been set which measure the change in the PD as at the inception date and as at each reference date.

Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

The change in the PD is calculated as $PD_{rep} > alpha + beta_i * PD_{orig}$ where:

- PD_{orig} are the PD measure at the business relationship inception, date of first recording;
- PD_{rep} are the PD as at the calculation cut-off date;
- ***i*** is the type of portfolio (for example, Mortgage loans on real estate properties, revolving, Large Corporate, SMEs);
- ***alfa*** is a fixed parameter that identifies a perimeter exempted from the application of the SICR thresholds;
- ***beta*** are parameters estimated on Crédit Agricole Italia's portfolio.

Portfolio		ALPHA	BETA
Large Corporate		0.30	2.40
Small Medium Enterprises		0.30	1.30
Retail Bnkg	Individuals with real estate collaterals	0.30	2.30
	Small Enterprises and Sole Traders	0.30	3.00
	Other exposures to individuals	0.30	3.00

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. It is also pointed out that compliance is verified with the threefold-PD, i.e. in case the PD_{rep} is higher by at least 3 times the PD_{orig}, except in cases where $PD_{rep} < 0.3\%$, the exposure is automatically moved to stage 2.

Other criteria: 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:

- The breach of the PD thresholds, which, for Crédit Agricole Italia, are set at 12% for the non-Retail portfolio and at 15% for the Retail portfolio (CASA threshold);
- No rating as at the assessment date if regarding loans disbursed over six months before;
- The exposure being classified as forborne performing;
- Classification in the watchlist in accordance with the Early Warning internal indicator (IMA – Performance Monitoring Indicator) in at least three calculations in the four months before the reference date;
- The selection of portfolio potions that are considered high risk following specific probes carried out by the Risk Management and Permanent Controls Department, such as;
- Sub-Investment rating grades close to the sensitive loans perimeter (the thresholds applied by the Crédit Agricole Banking Group are more restrictive);
- Floating-rate mortgage loan contracts, which, subsequent to the increases in the ECB key interest rates, have high instalment/income ratios with a Sub-Investment Grade rating.

Qualitative Criteria: lastly, downgrading to stage 2 may occur for single-name positions reported by the CLO and validated by the Risk Management and Permanent Controls Departments;

If the conditions that triggered downgrading to stage 2 no longer apply, impairment may be reduced to 12-month ECL (stage 1).

For security portfolios, the Crédit Agricole Italia Banking Group uses an approach that consists in applying an absolute level of credit risk, in accordance with IFRS 9, at the breaching of which exposures shall be classified in stage 2 and provisioned for based on ECL at maturity. Therefore, the following rules shall apply for monitoring significant increase in the credit risk of securities:

- "Investment Grade" (IG) securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- "Non-Investment Grade" (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Multi-scenario calculation

To estimate the parameters used in calculating the forward-looking scenarios at the 31 December 2023 reporting date, the weights set by the Parent Company Crédit Agricole S.A. were the following:

- Central scenario, 55%;
- Moderately adverse scenario, 30%;
- Stressed budget scenario, 10%;
- Favourable scenario, 5%.

In compliance with IFRS 9, the ECL is estimated weighting forward-looking scenarios; therefore, the various scenarios were weighted by their probability of occurrence, as given above.

The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the Parent Company Crédit Agricole S.A. specializing in macroeconomic studies.

Indicators used as at 31 December 2023

Indicators used as at 31 December 2023	Central				Moderately adverse				Stress *Budgétaire*				Favorable			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
ITA GDP	0.7%	0.6%	1.2%	0.9%	0.7%	-0.3%	0.6%	1.2%	1.2%	-1.2%	-0.8%	0.7%	0.7%	1.0%	1.2%	0.9%
ZE GDP	0.5%	0.9%	1.3%	1.0%	0.5%	0.0%	0.8%	1.3%	0.6%	-1.6%	-1.3%	0.9%	0.5%	1.3%	1.7%	1.4%
Inflation in Italy	6.0%	2.7%	2.2%	2.1%	6.3%	4.0%	2.2%	2.1%	6.3%	6.4%	5.4%	3.8%	6.0%	2.8%	2.2%	2.1%
Investments in Buildings	-2.4%	-0.3%	2.0%	1.9%	-2.5%	-3.2%	0.6%	2.2%	1.5%	-0.4%	0.8%	1.5%	-2.4%	-0.3%	2.0%	1.9%
Investments in machinery	2.1%	-1.6%	1.6%	1.6%	2.1%	-3.4%	-0.4%	2.6%	3.9%	-2.0%	-1.4%	0.9%	2.1%	0.6%	2.2%	1.6%
Fixed investments	0.8%	-0.2%	2.0%	1.9%	0.7%	-2.3%	0.6%	2.4%	2.9%	-0.5%	0.1%	1.3%	0.8%	0.5%	2.1%	1.9%
Unemployment rate	7.8%	8.0%	8.0%	7.9%	7.8%	8.0%	8.2%	7.9%	8.0%	9.3%	9.4%	9.4%	7.8%	7.9%	7.9%	7.8%
Domestic demand	1.1%	1.0%	0.8%	0.7%	1.0%	0.1%	0.5%	0.9%	1.0%	-1.7%	-0.9%	0.6%	1.1%	0.8%	0.7%	0.7%
World oil demand	2.2%	1.0%	0.8%	0.8%	2.2%	0.0%	0.3%	0.3%	2.2%	-1.0%	0.0%	1.0%	2.2%	1.1%	0.9%	0.9%
Work productivity	3.3%	0.8%	0.6%	1.1%	3.3%	0.9%	-0.2%	1.2%	2.7%	4.2%	4.7%	0.1%	3.3%	0.9%	0.9%	0.9%
Industrial Production Index (IPI)	-2.7%	1.0%	3.0%	2.2%	-2.7%	-0.4%	3.2%	2.9%	-0.8%	0.2%	-0.8%	2.4%	-2.7%	1.6%	3.3%	2.0%
Propensity to consume	1.9%	-0.7%	-0.7%	-0.4%	2.0%	-0.8%	-1.3%	-0.2%	2.4%	-2.9%	-1.5%	0.7%	1.9%	-1.1%	-0.8%	-0.4%
Weight	55%				30%				10%				5%			

The main underlying assumptions are:

- Central scenario: thanks to the stable performance of the labour market and to savings that are still considerable, albeit decreasing, household consumption absorbed the slowdown in purchasing power and the monetary tightening better than expected, with an effect on growth, which kept a steadier pace than expected. The scenario assumes a slow decrease in inflation, easing pressure on income and bringing about the end in interest rate increases.
- Moderately adverse scenario: new inflationary pressure in 2024 driven by an increase in oil prices. Decline in household purchasing power and private consumption: lower expenses for leisure, more selective consumption. The surplus savings accumulated during the Covid crisis have reduced and no longer work as a buffer in this new crisis. Increase in production costs for businesses, especially in the manufacturing sector, already heavily hit by the previous gas and energy crisis. Fragile profitability after the shocks occurred in the last few years (Covid, difficulties in procurement, hikes in energy bills) and decline in investments. Slight increase in the unemployment rate. The measures for budget support to businesses and households are by

now negligible, given the very high government debt in the Euro Area and the increase in the cost of debt. There are even more material hikes in interest rates to fight inflation.

- Stress scenario: stalemate in the Russia-Ukraine war and new inflationary shock. Strong increases in oil and gas prices due to the worsening in climate conditions (very cold winter in Europe in 2024, very hot summer in Asia and in Europe in 2024) and in the competition between Europe and Asia in the rush to Liquefied Natural Gas. Inflation increases in the Euro Area: the 2024 average up by about 2 percentage points vs. 2023. With such a spike in inflation, support measures are very limited after years of extremely accommodative measures for households and businesses, in order to limit the worsening in public finances. For businesses: strong increase in production costs, decline in demand, severe worsening in borrowing costs; for households: the inflationary shock causes strong decline in purchasing power, the budgetary measures prove unable to mitigate the shock, deterioration in the labour market, small wage increase vs. inflation.
- Favorable scenario: improvement in China's economic growth and, by extension, in Asia's one, which would stimulate economic activity in Europe and in the US through an improvement in trade, with consequent improvement also in world trade. Fewer businesses failing and lower unemployment than in the central scenario. In Europe, the slowdown in economic growth is less marked than in the central scenario. Thanks to this "new momentum" growth in the Euro Area could go up by about 0.5 GDP points in 2024.

The economic scenarios used in the 2023 Half-year Report and in the 2022 Annual Report are also given, in order to represent the main changes occurred vs. the multi-scenario used in Q4 2023.

Indicators used as at 30 June 2023

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

Indicators used as at 31 December 2022

Indicators used as at 31 December 2022	Central				Moderately adverse				Stress *Budgétaire*				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	3.4%	0.2%	0.9%	1.0%	3.4%	-0.6%	1.1%	1.2%	2.5%	-1.4%	1.6%	1.9%	3.4%	0.9%	1.4%	1.2%
ZE GDP	3.3%	0.4%	1.2%	1.5%	3.3%	0.7%	1.1%	1.2%	2.5%	-1.5%	1.7%	1.6%	3.3%	0.6%	1.6%	1.6%
Inflation in Italy	8.1%	6.6%	3.8%	3.3%	8.1%	8.6%	4.7%	3.8%	7.8%	8.8%	3.4%	1.9%	8.1%	5.6%	2.8%	2.1%
Investments in Buildings	13.6%	3.7%	2.3%	1.9%	13.6%	3.0%	1.5%	1.6%	13.9%	-0.2%	2.4%	4.4%	13.6%	3.4%	2.3%	2.5%
Investments in machinery	9.7%	3.2%	2.3%	2.0%	9.7%	2.6%	1.5%	1.4%	9.3%	-2.1%	3.6%	4.6%	9.7%	2.9%	2.7%	2.7%
Fixed investments	10.4%	3.3%	2.3%	2.0%	10.4%	2.8%	1.6%	1.7%	10.2%	-0.4%	3.1%	4.4%	10.4%	3.1%	2.4%	2.5%
Unemployment rate	8.9%	9.8%	9.7%	9.4%	8.9%	9.1%	8.7%	8.5%	9.2%	10.6%	11.2%	10.1%	8.9%	8.9%	8.5%	8.3%
Domestic demand	2.7%	0.2%	0.8%	69.2%	2.7%	-0.5%	0.9%	1.1%	1.0%	-0.8%	1.7%	1.5%	2.7%	0.5%	0.9%	0.9%
World oil demand	2.4%	0.8%	-0.2%	0.2%	1.9%	-0.3%	0.0%	0.5%	1.9%	-1.5%	0.3%	0.9%	2.4%	1.0%	0.5%	0.5%
Work productivity	3.6%	0.0%	0.2%	9.9%	3.6%	-0.1%	0.1%	0.5%	1.9%	-1.0%	1.5%	1.0%	3.6%	0.4%	0.2%	0.5%
Industrial Production Index (IPI)	0.4%	0.2%	1.9%	1.5%	0.4%	-0.7%	1.3%	1.7%	0.5%	-1.9%	2.1%	2.4%	0.4%	0.9%	1.1%	1.9%
Propensity to consume	-0.5%	-3.3%	-0.7%	-1.3%	-0.5%	-5.4%	-1.2%	-1.7%	6.7%	1.0%	3.0%	0.7%	-0.5%	0.1%	-2.8%	-1.4%
Weight	**50%**				**35%**				**10%**				**5%**			

Scenario sensitivity analysis

Within the revision of the parameters used for the IFRS 9 calculation of the Q4 2023 figures, the Crédit Agricole Italia Banking Group estimated the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department - ECO, which is a specialist in macroeconomic studies.

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

Sensitivity was estimated on the September 2023 processing (data as at August 2023) in a lab environment and later applied to December 2023 closing data. The application of the observed variations to the December 2023 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	Exposure	EAD	ECL Multi-scenario	Sensitivity analysis: ECL per single scenario			
				Central	Moderately adverse	Stressed budget	Favorable
RETAIL	**42,957**	**41,102**	**279**	**261**	**287**	**338**	**257**
Stage 1	38,246	36,444	54	51	56	61	50
Stage 2	4,711	4,658	225	209	231	282	206
CORPORATE	**51,507**	**31,697**	**159**	**153**	**168**	**167**	**145**
Stage 1	45,409	27,779	32	31	34	34	28
Stage 2	6,099	3,918	128	123	133	133	119
SECURITIES	**8,983**	**8,983**	**13**	**12**	**15**	**15**	**7**
Stage 1	8,463	8,463	13	12	15	15	7
Stage 2	521	521	0	0	0	0	0
TOTAL	**103,448**	**81,782**	**451**	**426**	**471**	**518**	**408**
Deviation				**-5.4%**	**4.3%**	**14.9%**	**-9.6%**
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 408 million in the *Favorable* scenario (down by -9.6%) to Euro 518 million in the *Stress budgétaire* scenario used for budget simulations in stressed conditions (up by 14.9%). The recognized amount of Euro 451 million reflects the weights on the *Central* and *Moderately Adverse* scenarios.

Q4 2023 changes

In terms of methods and approaches, the actions deployed in Q4 concerned:

- The updating of the forward-looking parameters after receiving the new macroeconomic scenarios from the Economic Studies Department of the Parent Company (ECO), which were an improvement vs. those in production up to Q3 2023;
- Both for Crédit Agricole Italia and for Crédit Agricole Leasing Italia the updating of the SICR thresholds calculated with the approach set by the Parent Company CA;
- The downgrading from stage 1 to stage 2 of pre-sensitive Customers, i.e. Retail Customers with ratings I07 and P07 and Corporate banking Customers with ratings D and D-;
- Both for Crédit Agricole Italia and for Crédit Agricole Leasing Italia implementation of a new reason for downgrading in order for the contracts whose PD as at the date is higher by three times than the PD at inception to be downgraded to stage 2, except for Customers with very deserving PD, i.e. with PD as at the date below 0.3%;
- Increase in the sector add-on from 30 million Euros to 50 million Euros. Moreover, the real estate sector has been included in the list of those sectors;
- Implementation of a prudential add-on for the Individuals segment amounting to 10 million Euros to factor in the increase in interest rates, in energy prices and in inflation occurred in the last few quarters;

- Alignment of the actions implemented for Crédit Agricole Leasing Italia to the actions implemented for Crédit Agricole Italia, more precisely in the Crédit Agricole Leasing Italia perimeter the following were downgraded from stage 1 to stage 2:
  - The positions on the watchlist for at least three of the four months before the reference date;
  - Retail Customers with PD equal to or higher than 11% and of Corporate Customers with PD equal to or higher than 5% (known as sensitive ratings).
- For Crédit Agricole Italia, downgrading from stage 1 to stage 2 of the floating-rate mortgage loan contracts that, based on a stress simulation, are to be considered high risk. More precisely, the mortgage loans that met both the conditions given below are forced into stage 2:
  - Contracts for which the instalment/income ratio is higher than 30%;
  - *non -Investment grade* ratings.

These actions are summarized, along with the other *post-model adjustments* already present in the processing operations before 31 December 2023 and reported in the paragraph below.

Post-model adjustments

Following the Forward-Looking Local ECL calculation as at December 2023, the Crédit Agricole Italia Banking Group made management overlays.

Said adjustments can be broken down into two types:

- **Adjustments made to specific positions:**
  - Single-name adjustments (adjustments on single positions) whereby the results could be aligned with the expectations – in terms of risk profile – of the IFRS 9 work group. In accordance with the regulated process, based on the results obtained with the calculation approach defined by the Group and based on the management information of the single counterparties, if the expected loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate; such manual actions are allowed only if they increase the coverage ratio on the counterparty. The single-name adjustments made in Q4 2023 also include value adjustments to the ECL associated with exposures to:
    - The Bank of Italy;
    - The State Treasury;
    - Intra-group positions (with effects on the separate financial statements of the entities of the Group);
  - Application of the SICR rules to the former-Creval portfolio: in order to ensure correct classification of the exposures coming from the former-Creval portfolio, the staging rules in force were enriched with the comparison of Creval PD as at acquisition and Creval PD as at the IT migration date;
  - Direct downgrading to Stage 2:
    - Of the positions on the watchlist for at least three of the four months before the reference date;
    - Of the Retail positions with PD equal to or higher than 11% and of Corporate positions with PD equal to or higher than 5% (known as sensitive ratings);
    - Of pre-sensitive positions, i.e. of Retail Customers with ratings I07 and P07 and of Corporate banking Customers with ratings D and D-;
    - Only for Crédit Agricole Italia's part, of the floating-rate mortgage loan contracts that, based on a stress simulation, are to be considered high risk.
- **Portfolio adjustments made through massive spreading** of the identified amounts over all positions proportionally to the ECL. Said case included the following actions:
  - Actions concerning methodological elements not yet included in the used parameters or the implementation of a Forward-Looking Local model also for the LGD value;
  - Forward-looking action to take into account the upcoming modification to the Corporate PD model: the action is intended to early consider the effect of the adoption of the Corporate rating new grids, which, in accordance with the present planning, will be adopted by the Crédit Agricole Italia Banking Group in April 2024;
  - Action on sectors aimed at taking into account the higher riskiness of **energy-intensive sectors**, which is growing because of the consequences of the ongoing crisis on the future economic scenario. In Q4 2023, the applied add-on was increased from 30 million Euros to 50 million Euros. Moreover, the real estate sector has been included in the list of sectors;

- Measure effective as of 31 December 2023 providing for a **prudential add-on for the Individuals segment** amounting to 10 million Euros to factor in the increase in interest rates, in energy prices and in inflation occurred in the last few quarters;
- Action aimed at mitigating the impacts on impairments where there are **State Guarantees** (applying to the guaranteed portion). Furthermore, as done in the previous quarters on the Crédit Agricole Italia perimeter, the coverage ratio of government securities was considered.
- **Other actions to allocate provisions** on specific portfolios or on the overall portfolio of Performing Customers as at the reference date. In the reference quarter, the following actions were considered:
  - Corrections requested by the Validation Service after its annual review and concerning the implementation of the calculation regarding the add-on for the future implementation of the Corporate rating new grids;
  - Add-on introduced following an updating of the CACIB satellite model not implemented in the OMP tool for the calculation as at 31 December 2023;
  - Prudential action to ensure coverage of some approach-related action scheduled for 2024 and of the very uncertain economic scenario.

2.4 CREDIT RISK MITIGATION TECHNIQUES

Within the Crédit Agricole Italia Banking Group, the mitigation of credit risk is pursued by entering into ancillary agreements or by adopting appropriate tools and techniques designed to mitigate this risk.

In particular, specific processes regulate the obtainment and management of guarantees, with clear definition of the relevant roles, responsibilities and controls. Close attention is paid to the adequacy of the rules and procedures for monitoring that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure).

The standards for the appraisal of real estate properties securing the exposures of the Crédit Agricole Italia Banking Group, as laid down in the «Policies on the Valuation of Real Estate Properties Securing Exposures», are compliant with the Guidelines issued by the Italian Banking Association (ABI) in force at the relevant time and are in accordance with the recent regulatory principles "International Valuation Standards" (IVS) and "European Valuation Standards" (EVS).

The policies on the appraisal of real estate assets securing the exposures, updated as at October 2023, confirmed the approaches and principles, already adopted in the last few years, for the alignment to the «EBA Guidelines on loan origination and monitoring», and identify:

- A specialist unit engaged in the governance and oversight of the quality of the appraisals, having special regard to the task assigning process and to the appraisal methods and criteria adopted;
- A control framework defining the methods and frequency of controls and the reporting of the related outcomes;
- A list of accredited appraisers;
- The process for continuous monitoring of the values of the real estate assets, defining the methods and frequency.

3. NON-PERFORMING CREDIT EXPOSURES

The NPE Regulation

In the last few years, the legislation and regulations applicable to non-performing loans have been constantly developed and amended in order to improve the prudential criteria for identification and management of non-performing loans, fostering harmonization across the EU Member States.

In order to ensure constant compliance with said developments, the NPE Regulation is periodically revised, on the basis also on the remarks made during the periodic audits carried out by the Parent Company and by the ECB.

The events triggering classification as in Default (UTP Triggers): in compliance with the EBA Guidelines, a set of events has been defined upon whose occurrence the management structures shall thoroughly review the positions concerned in order to assess whether it is appropriate or necessary to classify them as non-performing.

Said positions may be kept in the performing category only in specific cases to be appropriately substantiated. The triggers are different in accordance with their scope of application being Individuals or SMEs.

The events triggering classification as Bad Loans: a set of events has been defined which, for their severity and risk of impairment of the assets backing the Bank credit claim, shall trigger immediate classification of the positions concerned as bad loans, with subsequent start of the related executive actions.

Furthermore, some guidelines have been designed for loan classification in the correct risk grade, first of all through going/ gone concern assessment.

Special attention is given to the positions in the "Commercial Real Estate" perimeter, which, due to the problems associated with the sector in terms of management and risk, is quite material in the non-performing loans scope.

In recovery forecasts, thorough assessment has been introduced of the reasons concerning the time for which the positions have been classified as non-performing; to this effect the analysis of exposure vintage is of key importance for the loan conservative measurement.

The units managing non-performing loans

The UTP and Past Due Management Division, through specialist management Services by type of counterparty, is responsible for managing non-performing exposures classified as Past Due (PD) and Unlikely to pay (UTP).

The Division in charge of out-of-court collection and/or full recovery of the exposures it manages, excluding the positions within the scope of outsourced collection services, consistently with the NPE strategy.

The Division manages relations with the Customers falling within its scope of responsibility with the objective of collecting the credit claims of the Crédit Agricole Italia Banking Group, promptly implementing all actions that are deemed the most suitable and effective towards borrowers.

In addition to periodic specific measurement of the recovery value, the management process for non-performing positions aims also at:

- Verifying whether the counterparty is capable of recovering financial health and, consequently, restoring the business and loan relationship; To this end, the Division is responsible for determining the scenario for collection forecast, specifically assuming the counterparty as a going concern (i.e. the exposure can be repaid with the cash flows generated by the counterparty as a going concern) or assuming the counterparty as a gone concern where the exposure can be collected only through the assets securing it as collaterals);
- Scheduling and monitoring loan workout plans agreed on with Customers;
- Proactive participation in interbank work group for debt restructuring and assessment of the proposed plans.

The Bad Loans Management and Servicers Division is responsible for the management of non-performing exposures classified as "bad", through the two structures it comprises: The Bad Loans Management Service and the Servicers and Accounting Service.

The Servicers and Accounting Service is responsible for overseeing the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The mission of the Bad Loans Division in the bad loans perimeter was obviously confirmed and consists in protecting and enforcing the credit claims of the Bank and of the Leasing Company against borrowers that are insolvent, in accordance with the NPE Strategy.

This mission is pursued managing bad exposures as follows:

- Implementing all possible actions in court and out of court, in order to achieve the best possible compromise between the highest possible collection and the shortest time to collection on these exposures;
- Ensuring organic management of all information on the most likely forward-looking repercussions on the income statement through the recognition of provisions for risks and allowances for losses on loans;
- Preparing and then updating, based on harmonized and standardized approaches, collection forecast in terms of probable collected amount and expected collection date, as well as conservative measurement of the existing guarantees and of those that can be reasonably be obtained in court.

3.1 MANAGEMENT STRATEGIES AND POLICIES

In accordance with the "Guidance to banks on non-performing loans" published in March 2017 by the European Central Bank (ECB), the Crédit Agricole Italia Banking Group designed its strategy for the management of non-performing loans, "Group 2018-2021 NPE Strategy", with the planning of the related KPIs, such as the weight of NPEs, the riskiness of the performing loan portfolio, the effectiveness of NPE recovery and the coverage ratio of the NPL portfolio.

The design of the NPE Strategy has provided for the following approach:

- Breakdown analysis of the loan portfolio and of the performance historical data of NPE management and collection by the Crédit Agricole Italia Banking Group;
- The positioning benchmark of the Crédit Agricole Italia Banking Group in the target market as regards KPIs (NPE Ratio, Coverage Ratio, Cost of Risk);
- Identification, based on the aforementioned analysis, of action drivers to strengthen the performances of the Crédit Agricole Italia Banking Group in terms of credit quality protection and improvement;
- Management actions on the "loan recovery machine";
- Initiatives aimed at increasing the NPE coverage ratio;
- NPE deleveraging initiatives through tools and actions already developed by the Group (NPE sales on a portfolio and single name basis) also in order to reduce the average vintage of the NPE portfolio.

Specifically, the NPL Policy sets out the internal rules for assessing Past Due, UTP and Bad Loans and, for each category, it governs the following scopes:

- Identification and classification methods;
- Criteria to determine statutory impairment applied upon entry in the category;
- Discounting rule to determine the present value in accordance with the estimated recovery plan;
- Assessment methods and criteria during the stay in the category;
- Conditions and methods for exiting the category with migration between NPE categories.

In 2023, further targets were achieved in terms of reducing the risk associated with the NPE portfolio; specifically, at the end of the year, the non-performing portfolio consisted, by about three quarters, of exposures classified as "unlikely to pay", the gross NPE ratio stood at 3.3% and the total coverage ratio of the NPE portfolio hit 50.8%*.

Furthermore, in the reporting year, the NPE Strategy up to 2025 was defined. The NPE Strategy, which reflects the forecast of the main macroeconomic factors, aims at protecting the quality of the loan portfolio, preserving the good levels reached in the recent FYs and, specifically, it provides for the adoption of ordinary management drivers, selectively supplementing them with targeted deleverage actions. Besides this, the new strategy provides for an action plan aimed at speeding up the digitalization of the processes and tools supporting lending and loan management.

For information on the technical-organizational procedures and on the methods used to manage and control the NPE portfolio, please, refer to the Notes to the Financial Statements - Part A - Accounting Policies, section A.2 Part reporting on the main financial statement items "Impairment for credit risk".

* Applying the treatment of POCI assets.

3.2 WRITE-OFF

The Bad Loans Management Division writes off bad loans after full recovery of the exposure or resumption of its amortization.

Furthermore, bad loans are written off with loan waiver subsequent to:

- Unilateral remission of the residual amount due within authorized and executed settlement;
- Loan disposal.

Conversely, bad loans are written off also without loan waiver subsequent to:

- Loan uncollectibility, as proved or inferred, including the implementation of all possible affordable actions;
- Very marginal possibility of collection.

In this case, the loan is fully or partially written off. These loans are written off in order not to keep, on the Balance Sheet, loans that, although still managed by the structures in charge of collection, are hardly likely to be recovered. The positions to be subject to this treatment must be identified – through a judgemental analysis – from among those that have both high vintage and high coverage.

3.3 PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

4. RENEGOTIATED FINANCIAL ASSETS AND FORBORNE EXPOSURES

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

Forborne exposures are those for which "concessions" have been granted to a borrower that is experiencing or is about to experience difficulties in fulfilling his/her/its financial commitments ("financial difficulty").

Concessions consist in the following:

- Changes in the terms/conditions of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties;
- Total or partial refinancing of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties.

Based on the information contained in EBA "*Implementing Technical Standards (ITS) - On Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013*" of 27 July 2014,as updated, and implementing the guidelines developed afterwards by the Parent Company CASA, the Crédit Agricole Italia Banking Group has defined an internal algorithm whereby forborne exposures can be identified, distinguishing between performing and non-performing forborne exposures.

As opposed to the "by counterparty" approach, used by the Crédit Agricole Italia Banking Group to classify non-performing exposures, it classifies forborne positions with a "by individual credit facility" approach". An exposure shall be classified as forborne when:

- The counterparty is classified as performing at the time of contract modification and there were contractual repayment instalments totally or partially past due by over 30 days at least once in the three months before its modification. The contracts meeting these features are classified as "*forborne performing - probation period*", except for contractual modifications featuring a difference between the net present value before and after the modification of more than 1%, in which case they shall be classified in their cure period and no longer considered forborne when all the following conditions are met:
  - The contract is considered performing;
  - At least two years have passed from the beginning of the probation period;
  - Regular payments have been made for a more than considerable portion of the principal/interest due during at least one half of the probation period;

  - No one of the exposures to the same borrower is past due by more than 30 days at the end of the probation period.
- The counterparty is classified as defaulted at the time of contract modification or the modified contract is totally or partially past due by over 30 days at least once during the three months before its modification, with a difference between the net present value before and after forbearance of more than 1%. The contracts meeting the above description are classified as "forborne non-performing - cure period" for a period of at least a year and are kept classified as unlikely to pay. The contract shall be classified "forbearance performing - probation period" when all the following conditions are met:
  - At least one year has passed since the start of the cure period[27];
  - There are no late payments;
  - The counterparty has returned fully able to fulfil its credit obligations.

Having said that contract modifications made for business reasons or contract modifications that were provided for in the original contract are not, for the time being, included in the forbearance perimeter, in order to assess whether any "concession" exists, the adopted approaches require that the existence of forbearance is identified when:

- The amortization schedule regarding a loan is suspended or modified in its original duration;
- The loan has been renegotiated/rescheduled;
- Several credit lines granted to a counterparty are closed and consolidated in a new loan or other credit forms implying the refinancing concept;
- A real estate mortgage loan based on the project progress which has been partially disbursed to a counterparty classified in the perimeter of real estate players has a pre-amortization period of over 36 months.

Furthermore, an exposure may be classified in the forborne perimeter on a judgemental basis where the algorithm does not automatically detect the contract modification or the financial difficulties experienced by the debtor. Likewise, positions can be excluded on a judgemental basis from the forborne perimeter, if the Account Manager believes that the automatic classification made by the algorithm is not consistent.

The situation regarding Forborne positions as at 31 December 2023 of the Crédit Agricole Italia Banking Group is given below:

Counterparty status	Type of forbearance applied	Total
PERFORMING	Forborne Performing exposures	338,157
DEFAULTED	Forborne Non-performing exposures	950,887
Total Forborne Exposures		**1,289,044**

QUANTITATIVE DISCLOSURES

A. Credit quality

All financial assets are classified by credit quality with the exception of equity securities and units of O.I.C.R. collective investment undertakings.

The term "on-balance-sheet exposures" defines all on-balance-sheet financial assets consisting of due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortized cost, financial assets being divested).

27 In case of suspensions, the year of cure period starts from the suspension date.

The term "off-balance-sheet exposures" means all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

A.1 PERFORMING AND NON-PERFORMING CREDIT EXPOSURES: AMOUNTS, ADJUSTMENTS, CHANGES AND BREAKDOWNS

A.1.1 Prudential consolidation - Breakdown of financial assets by past due bracket (book values)

	Stage 1			Stage 2			Stage 3			POCI assets		
	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days up to 90 days	Over 90 days
1. Financial assets measured at amortized cost	338,044	17,230	113	503,291	46,766	18,805	44,084	31,748	541,735	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2023	**338,044**	**17,230**	**113**	**503,291**	**46,766**	**18,805**	**44,084**	**31,748**	**541,735**	**-**	**-**	**-**
Total 31 Dec. 2022	**455,733**	**36,777**	**790**	**266,507**	**50,854**	**11,830**	**50,200**	**51,887**	**543,461**	**-**	**-**	**-**

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantee

Reasons/risk stages	Total adjustments											
	Stage 1 assets						Stage 2 assets					
	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment
Opening total adjustments	**5**	**171,375**	**6,159**	**-**	**-**	**177,539**	**-**	**226,136**	**-**	**-**	**-**	**226,136**
Increases from purchased or originated financial assets	-	14,142	1,622	-	-	15,763	-	29,979	-	-	-	29,979
Derecognized items other than write-offs	-	-9,528	-2,149	-	-	-11,677	-	-	-	-	-	-
Net adjustments/recoveries for credit risk (+/-)	-1	-95,810	-20	-	-	-95,831	-	91,560	-	-	-	91,560
Contract modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimate approach	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognized directly through profit and loss	-	-3,683	-	-	-	-856	-	-8	-	-	-	-8
Other changes	-	4,859	-	-	-	4,860	-	-12,769	-	-	-	-12,769
Closing total adjustments	**4**	**81,355**	**5,612**	**-**	**-**	**89,798**	**-**	**334,898**	**-**	**-**	**-**	**334,898**
Recoveries from collection on financial assets written-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognized directly through profit and loss	-	-119	-	-	-	-119	-	-62	-	-	-	-62

s given: changes in total adjustments and total provisions

Total adjustments											Total provisions for commitments to disburse funds and financial guarantees given				Total
	Stage 3 assets					POCI assets									
Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees. POCI	
-	**1,508,494**	**-**	**13,119**	**1,521,613**	**-**	**-**	**-**	**-**	**-**	**-**	**8,047**	**10,811**	**55,046**	**-**	**1,999,192**
-	3,261	-	-	3,261	-	X	X	X	X	X	550	456	43	-	50,053
-	-182,362	-	-	-182,362	-	-	-	-	-	-	-	-	-	-	-194,039
-	185,143	-	-	185,143	-	-	-	-	-	-	2,526	5,776	-2,948	-	186,226
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-110,940	-	-	-110,940	-	-	-	-	-	-	-	-	-	-	-114,631
-	28,801	-	-13,119	15,682	-	-	-	-	-	-	-154	276	-1	-	7,893
-	**1,432,397**	**-**	**-**	**1,432,397**	**-**	**-**	**-**	**-**	**-**	**-**	**10,969**	**17,319**	**52,140**	**-**	**1,934,694**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-30,408	-	-	-25,460	-	-	-	-	-	-	-	-	-	-	-30,589

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees given: transfers between the different credit risk stages (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortized cost	6,660,764	1,353,138	191,140	58,095	862,881	8,915
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees given	232,176	39,521	6,099	236	11,268	-
Total 31 Dec. 2023	**6,892,940**	**1,392,659**	**197,239**	**58,331**	**874,149**	**8,915**
Total 31 Dec. 2022	**2,438,958**	**2,296,729**	**231,201**	**51,250**	**253,551**	**21,079**
Of which: New liquidity granted with state guarantee given for COVID-19	574,350	52,111	21,848	1,273	50,100	71

A.1.4 Prudential consolidation - On-balance-sheet and off-balance-sheet exposure to banks: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET CREDIT EXPOSURES												
A.1 Demand	9,899,038	9,899,038	-	-	-	4	4	-	-	-	9,899,034	-
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	9,899,038	9,899,038	-	X	-	4	4	-	X	-	9,899,034	-
A. 2 Other	2,335,599	2,331,462	-	4,137	-	3,902	143	-	3,759	-	2,331,697	-
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to Pay	4,137	X	-	4,137	-	3,759	X	-	3,759	-	378	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	968	968	-	X	-	-	-	-	X	-	968	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	2,330,494	2,330,494	-	X	-	143	143	-	X	-	2,330,351	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**12,234,637**	**12,230,500**	**-**	**4,137**	**-**	**3,906**	**147**	**-**	**3,759**	**-**	**12,230,731**	**-**
B. OFF-BALANCE-SHEET CREDIT EXPOSURES												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3,841,454	2,814,272	381	X	-	731	726	5	X	-	3,840,723	-
TOTAL (B)	**3,841,454**	**2,814,272**	**381**	**-**	**-**	**731**	**726**	**5**	**-**	**-**	**3,840,723**	**-**
TOTAL (A+B)	**16,076,091**	**15,044,772**	**381**	**4,137**	**-**	**4,637**	**873**	**5**	**3,759**	**-**	**16,071,454**	**-**

(*) Value to be stated for disclosure purposes.

A.1.5 Prudential consolidation - On-balance-sheet and off-balance-sheet exposure to customers: gross and net values

Type of exposures/Values	Gross exposure					adjustments and total provisions for credit risk					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET CREDIT EXPOSURES												
a) Bad loans	704,990	X	-	704,990	-	566,160	X	-	566,160	-	138,830	11,276
- of which: forborne exposures	203,301	X	-	203,301	-	167,229	X	-	167,229	-	36,072	-
b) Unlikely to Pay	2,273,583	X	-	2,273,583	-	855,660	X	-	855,660	-	1,417,923	24,158
- of which: forborne exposures	697,237	X	-	697,237	-	346,243	X	-	346,243	-	350,994	-
c) Non-performing past due exposures	19,287	X	-	19,287	-	6,818	X	-	6,818	-	12,469	1
- of which: forborne exposures	60	X	-	60	-	6	X	-	6	-	54	-
d) Performing past due exposures	971,797	355,515	616,282	X	-	48,513	1,094	47,419	X	-	923,284	-
- of which: forborne exposures	26,129	121	26,008	X	-	3,563	-	3,563	X	-	22,566	-
e) Other performing exposures	70,937,399	63,781,881	7,154,175	X	-	373,209	85,730	287,479	X	-	70,564,190	4,873
- of which: forborne exposures	312,028	35,386	276,642	X	-	17,366	107	17,259	X	-	294,662	-
TOTAL (A)	**74,907,056**	**64,137,396**	**7,770,457**	**2,997,860**	**-**	**1,850,360**	**86,824**	**334,898**	**1,428,638**	**-**	**73,056,696**	**40,308**
B. OFF-BALANCE-SHEET CREDIT EXPOSURES												
a) Non-performing	182,355	X	-	182,355	-	52,150	X	-	52,150	-	130,205	-
b) Performing	24,643,127	23,939,534	668,346	X	-	27,547	10,242	17,305	X	-	24,615,580	-
TOTAL (B)	**24,825,482**	**23,939,534**	**668,346**	**182,355**	**-**	**79,697**	**10,242**	**17,305**	**52,150**	**-**	**24,745,785**	**-**
TOTAL (A+B)	**99,732,538**	**88,076,930**	**8,438,803**	**3,180,215**	**-**	**1,930,057**	**97,066**	**352,203**	**1,480,788**	**-**	**97,802,481**	**40,308**
Of which: New liquidity granted with state guarantee given for COVID-19												
a) bad loans	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to Pay	134,156	X	-	134,156	-	52,534	X	-	52,534	-	81,622	-
c) Non-performing past due exposures	5,234	X	-	5,234	-	2,662	X	-	2,662	-	2,572	-
d) Performing past due exposures	38,132	8,974	29,158	X	-	4,510	50	4,460	X	-	33,622	-
e) Other performing exposures	2,887,819	2,213,036	674,783	X	-	37,529	5,231	32,298	X	-	2,850,290	-

(*) Value to be stated for disclosure purposes.

A.1.6 Prudential consolidation - On-balance-sheet exposures to Banks: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**-**	**4,138**	**-**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**-**	**-**	**-**
B.1 from performing exposures	-	-	-
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	-	-	-
B.4 contract modifications without derecognition	-	-	-
B.5 other increases	-	-	-
C. Decreases	**-**	**1**	**-**
C.1 to performing exposures	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-	-
C.4 profits on disposals	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other categories of non-performing exposures	-	-	-
C.7 contract modifications without derecognition	-	-	-
C.8 other decreases	-	1	-
D. Closing gross exposure	**-**	**4,137**	**-**
- of which: sold exposures not derecognized	-	-	-

A.1.7 Prudential consolidation - On-balance-sheet exposures to Customers: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**649,359**	**1,988,060**	**43,528**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**327,880**	**1,070,292**	**39,009**
B.1 from performing exposures	39,865	991,884	22,750
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	267,821	26,724	13,236
B.4 contract modifications without derecognition	8,682	123	-
B.5 other increases	11,512	51,561	3,023
C. Decreases	**272,249**	**784,769**	**63,250**
C.1 to performing exposures	10,192	69,152	3,797
C.2 write-offs	90,948	25,526	13,871
C.3 collections	71,138	264,123	10,077
C.4 profits on disposals	27,827	51,737	-
C.5 losses on disposals	1,190	3,016	-
C.6 transfers to other categories of non-performing exposures	193	272,197	35,389
C.7 contract modifications without derecognition	-	1,224	-
C.8 other decreases	70,761	97,794	116
D. Closing gross exposure	**704,990**	**2,273,583**	**19,287**
- of which: sold exposures not derecognized	-	-	-

A.1.7bis Prudential consolidation - On-balance-sheet exposures to Customers: changes in gross forborne exposures broken down by credit quality

Reasons/Quality	Non-performing forborne exposures	Performing forborne exposures
A. Opening gross exposure	**1,119,372**	**506,406**
- of which: sold exposures not derecognized	-	-
B. Increases	**154,739**	**230,249**
B.1 from non-forborne performing exposures	17,525	164,593
B.2 from forborne performing exposures	36,160	X
B.3 from forborne non-performing exposures	X	39,458
B.4 from non-forborne non-performing exposures	-	-
B.5 other increases	101,054	26,198
C. Decreases	**373,514**	**398,501**
C.1 to non-forborne performing exposures	X	227,383
C.2 to forborne performing exposures	39,458	X
C.3 to forborne non-performing exposures	X	36,161
C.4 write-offs	41,219	-
C.5 collections	118,151	93,829
C.6 profits on disposals	36,981	-
B.2 losses on disposal	1,494	-
C.8 other decreases	136,211	41,128
D. Closing gross exposure	**900,597**	**338,154**
- of which: sold exposures not derecognized	-	-

A.1.8 Prudential consolidation - On-balance-sheet non-performing exposures to Banks: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	- of which: forborne exposures	Total	- of which: forborne exposures	Total	- of which: forborne exposures
A. Opening total adjustments	**-**	**-**	**3,766**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**-**	**-**	**4**	**-**	**-**	**-**
B.1 impairment losses from purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other impairment losses	-	-	4	-	-	-
B.3 losses on disposals	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**11**	**-**	**-**	**-**
C.1 writebacks from valuations	-	-	11	-	-	-
C.2 recoveries from collection	-	-	-	-	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Total closing adjustments	**-**	**-**	**3,759**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-

A.1.9 Prudential consolidation - On-balance-sheet non-performing exposures to Customers: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	- of which: forborne exposures	Total	- of which: forborne exposures	Total	- of which: forborne exposures
A. Opening total adjustments	**518,787**	**152,625**	**987,530**	**465,355**	**11,531**	**474**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**257,125**	**64,519**	**288,867**	**81,985**	**20,480**	**2,889**
B.1 adjustments to purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other impairment losses	113,117	26,568	229,592	49,366	7,529	360
B.3 losses on disposals	1,190	134	3,016	1,360	-	-
B.4 transfers from other categories of non-performing exposures	136,293	36,767	6,549	739	12,100	2,529
B.5 contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	6,525	1,050	49,710	30,520	851	-
C. Decreases	**209,752**	**49,915**	**420,737**	**201,097**	**25,193**	**3,357**
C.1 recoveries from valuation	2,584	1,060	30,293	33,210	1,471	-
C.2 recoveries from collection	22,144	2,553	38,351	14,079	1,370	-
C.3 profits on disposal	15,029	4,937	15,836	4,491	-	-
C.4 write-offs	88,730	24,093	24,588	12,047	13,691	2,883
C.5 transfers to other categories of non-performing exposures	97	3	146,466	55,321	8,380	474
C.6 contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	81,168	17,269	165,203	81,949	281	-
D. Total closing adjustments	**566,160**	**167,229**	**855,660**	**346,243**	**6,818**	**6**
- of which: sold exposures not derecognized	-	-	-	-	-	-

Item C.7 “Other decreases” mainly reports, as to derecognized items other than write-offs, the amount equal to difference between the gross exposure and the disposal price.

A.2 CLASSIFICATION OF EXPOSURES BASED ON EXTERNAL AND INTERNAL RATINGS

A.2.1 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees given: by external rating grades (gross values)

Exposures	External rating grades						Without rating	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6		
A. Financial assets measured at amortized cost	**2,457,154**	**2,267,300**	**3,607,438**	**2,943,801**	**786,166**	**47,252**	**61,511,432**	**73,620,543**
- Stage 1	2,267,068	2,144,115	3,282,886	2,400,079	266,357	4,570	52,483,014	62,848,089
- Stage 2	186,537	123,185	323,411	543,722	517,132	42,682	6,033,788	7,770,457
- Stage 3	3,549	-	1,141	-	2,677	-	2,994,630	3,001,997
- POCI assets-	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3,620,769**	**3,620,769**
- Stage 1	-	-	-	-	-	-	3,620,769	3,620,769
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets-	-	-	-	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets-	-	-	-	-	-	-	-	-
Total (A+B+C)	**2,457,154**	**2,267,300**	**3,607,438**	**2,943,801**	**786,166**	**47,252**	**65,132,201**	**77,241,312**
D. Commitments to disburse funds and financial guarantees given	**1,899,401**	**2,091,253**	**2,942,347**	**2,591,016**	**463,715**	**27,322**	**17,589,834**	**27,604,888**
- Stage 1	1,847,133	2,075,255	2,897,388	2,501,838	419,583	21,825	16,990,785	26,753,807
- Stage 2	52,188	15,998	44,759	89,178	44,132	5,497	416,975	668,727
- Stage 3	80	-	200	-	-	-	182,074	182,354
- POCI assets	-	-	-	-	-	-	-	-
Total (D)	**1,899,401**	**2,091,253**	**2,942,347**	**2,591,016**	**463,715**	**27,322**	**17,589,834**	**27,604,888**
Total (A+B+C+D)	**4,356,555**	**4,358,553**	**6,549,785**	**5,534,817**	**1,249,881**	**74,574**	**82,722,035**	**104,846,200**

The breakdown by rating grades represented in the table refers to the ratings given by CRIF Ratings S.r.l. and DBRS Ratings GmbH.

The "without rating" column reports exposures with counterparties for which ratings given by the two ECAIs are not available, of which the key is given in the table below:

Credit rating grade	CRIF Ratings S.r.l. (Rating scale for long-term issuers)	CRIF Ratings S.r.l. (Rating scale for SMEs	DBRS Ratings GmbH
Grade 1	from AAA to AA	SME1, SME2	from AAA to AAL
Grade 2	A		from AH to AL
Grade 3	BBB	SME3	from BBBH to BBBL
Grade 4	BBB	SME4	from BBH to BBL
Grade 5	BBB	SME5, SME6	from BH to BL
Grade 6	from CCC to D	SME7, SME8	from CCCH to D

A.2.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by internal rating grades (gross values)

Exposures	Internal rating grades						Total
	From AAA a BBB+	From BBB a BBB-	from BB+ to B	from B- to D	Without rating	Grade 6	
A. Financial assets measured at amortized cost	**20,936,142**	**32,969,680**	**14,360,805**	**4,824,499**	**529,416**	**73,620,542**	
- Stage 1	20,841,992	32,239,341	9,163,822	186,536	416,397	62,848,088	
- Stage 2	94,150	730,339	5,196,983	1,635,966	113,019	7,770,457	
- Stage 3	-	-	-	3,001,997	-	3,001,997	
- POCI assets-	-	-	-	-	-	-	
B. Financial assets measured at fair value through other comprehensive income	**3,620,769**	**-**	**-**	**-**	**-**	**3,620,769**	
- Stage 1	3,620,769	-	-	-	-	3,620,769	
- Stage 2	-	-	-	-	-	-	
- Stage 3	-	-	-	-	-	-	
- POCI assets-	-	-	-	-	-	-	
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**	
- Stage 1	-	-	-	-	-	-	
- Stage 2	-	-	-	-	-	-	
- Stage 3	-	-	-	-	-	-	
- POCI assets-	-	-	-	-	-	-	
Total (A+B+C)	**24,556,911**	**32,969,680**	**14,360,805**	**4,824,499**	**529,416**	**77,241,311**	
D. Commitments to disburse funds and financial guarantees given	**12,984,686**	**8,397,323**	**4,814,302**	**448,838**	**959,737**	**27,604,886**	
- Stage 1	12,966,249	8,324,984	4,346,914	184,452	931,206	26,753,805	
- Stage 2	18,437	72,339	467,388	82,102	28,460	668,726	
- Stage 3	-	-	-	182,284	71	182,355	
- POCI assets-	-	-	-	-	-	-	
Total (D)	**12,984,686**	**8,397,323**	**4,814,302**	**448,838**	**959,737**	**27,604,886**	
Total (A+B+C+D)	**37,541,597**	**41,367,003**	**19,175,107**	**5,273,337**	**1,489,153**	**104,846,197**	

The breakdown by rating grade given above refers to the Crédit Agricole Italia Banking Group's internal models.

The "Without rating" column mainly shows exposures to Banks, Public Administration Bodies and Sovereign States, for which internal rating models are not available.

Excluding counterparties without rating, 75% of total counterparties fall within the Investment grades (from AAA to BBB-), whereas 18% falls within the BB+/B grades and 5% in the B-/D grades.

A.3 BREAKDOWN OF SECURED CREDIT EXPOSURES BY TYPE OF GUARANTEE

A.3.1 Prudential consolidation - On-balance-sheet and off-balance-sheet secured exposures to banks

	Gross exposure	Net exposure	Collaterals (1)				
			Real estate - mortgages	Real estate- Loans for leases	Real estate - Finance leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**356,525**	**356,525**	**-**	**-**	**-**	**-**	**-**
1.1 fully secured	1,959	1,959	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-
1.2 partially secured	354,566	354,566	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-
2. Off-balance-sheet secured exposures:	**15,038**	**15,034**	**-**	**-**	**-**	**-**	**-**
2.1 fully secured	6,189	6,187	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-
2.2 partially secured	8,849	8,847	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-

A.3.2 Prudential consolidation - On-balance-sheet and off-balance-sheet secured exposures to customer

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate- Loans for leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**50,235,485**	**48,940,805**	**32,102,022**	**878,460**	**308,523**	**2,630,284**
1.1 fully secured	43,902,490	42,754,746	31,875,282	796,183	263,846	1,439,780
- of which non-performing	1,783,293	875,493	631,528	33,762	1,249	17,591
1.2 partially secured	6,332,995	6,186,059	226,740	82,277	44,677	1,190,504
- of which non-performing	219,754	100,984	12,407	1,661	460	6,620
2. Off-balance-sheet secured exposures:	**2,332,393**	**2,310,288**	**221,276**	**-**	**98,934**	**214,211**
2.1 fully secured	1,411,348	1,400,973	46,697	-	68,004	144,946
- of which non-performing	32,779	26,014	17,454	-	189	533
2.2 partially secured	921,045	909,315	174,579	-	30,930	69,265
- of which non-performing	10,506	6,840	1,680	-	41	1,704

Personal guarantees (2)									Total (1)+(2)
Credit derivatives					Signature loans				
CLN	Other derivatives				Public administration bodies	Banks	Other financial companies	Others	
	Central counterparties	Banks	Other financial companies	Other parties					
-	**-**	**-**	**-**	**-**	**351,781**	**299**	**-**	**-**	**352,080**
-	-	-	-	-	1,660	299	-	-	1,959
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	350,121	-	-	-	350,121
-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**3,174**	**9,492**	**-**	**-**	**12,666**
-	-	-	-	-	3,172	3,014	-	-	6,186
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2	6,478	-	-	6,480
-	-	-	-	-	-	-	-	-	-

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Personal guarantees (2)									Total (1)+(2)
Credit derivatives					Signature loans				
CLN	Other derivatives				Public administration bodies	Banks	Other financial companies	Other parties	
	Central counterparties	Banks	Other financial companies	Other parties					
-	**-**	**-**	**-**	**-**	**5,105,377**	**1,744,582**	**622,544**	**2,852,888**	**46,244,680**
-	-	-	-	-	3,070,693	1,457,612	452,607	2,580,813	41,936,816
-	-	-	-	-	67,273	2,083	9,359	70,102	832,947
-	-	-	-	-	2,034,684	286,970	169,937	272,075	4,307,864
-	-	-	-	-	65,381	715	4,491	2,736	94,471
-	**-**	**-**	**-**	**-**	**66,743**	**30,834**	**307,014**	**1,235,662**	**2,174,674**
-	-	-	-	-	9,421	19,179	43,907	1,068,043	1,400,197
-	-	-	-	-	668	-	856	6,314	26,014
-	-	-	-	-	57,322	11,655	263,107	167,619	774,477
-	-	-	-	-	618	1,049	243	781	6,116

In compliance with Bank of Italy Circular No. 262, 8th update, in the “Collaterals” and “Personal guarantees” columns, the fair value of the collaterals or guarantee is reported, estimated as at the reporting date or, where not available, its contractual value.

A.4 PRUDENTIAL CONSOLIDATION - FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED THROUGH THE ENFORCEMENT OF THE RECEIVED GUARANTEES AND COLLATERALS

This item mainly reports property, plant and equipment obtained subsequent to the termination of non-performing finance leases.

Specifically, the item reports buildings and land, which were previously granted under finance leases and were returned to the Group subsequent to the termination of the related contracts and for which no credit claim remains towards the contractual obligors.

	Credit exposure written off	Gross value	Total adjustments	Book value	
					o/w obtained in the reporting period
A. Property, plant and equipment:	**42,052**	**44,311**	**17,802**	**26,508**	**215**
A.1 Operating assets	-	-	-	-	-
A.2 Investment property	32,124	34,166	11,751	22,415	215
A.3 Inventories	9,928	10,145	6,051	4,093	-
B. Equity securities and debt securities	-	-	-	-	-
C. Other assets	-	-	-	-	-
D. Non-current assets held for sale and discontinued operations	-	-	-	-	-
D.1 Property, Plant and Equipment	-	-	-	-	-
D.2 Other assets	-	-	-	-	-
Total 31 Dec. 2023	**42,052**	**44,311**	**17,802**	**26,508**	**215**
Total 31 Dec. 2022	**43,153**	**46,481**	**16,642**	**29,839**	-

B. Breakdown and concentration of credit exposures

B.1 PRUDENTIAL CONSOLIDATION - BREAKDOWN BY SECTOR OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Counterparties	Public administration bodies		Financial companies		Financial companies (of which: insurance undertakings)		Non-financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	4,406	16,005	-	-	73,770	418,040	60,654	132,115
- of which: forborne exposures	-	-	4,235	15,488	-	-	27,452	141,720	4,385	10,021
A.2 Unlikely to Pay	43	36	534,991	26,750	1	2	555,503	625,699	327,386	203,175
- of which: forborne exposures	-	-	3,219	4,189	-	-	235,028	272,496	112,747	69,558
A.3 Non-performing past due exposures	1	-	39	38	-	-	3,687	2,353	8,742	4,427
- of which: forborne exposures	-	-	-	-	-	-	54	6	-	-
A.4 Performing exposures	8,543,654	13,265	5,489,777	6,694	122,956	56	25,195,541	202,126	32,258,502	199,637
- of which: forborne exposures	19,879	58	502	18	-	-	205,584	15,721	91,263	5,132
Total (A)	**8,543,698**	**13,301**	**6,029,213**	**49,487**	**122,957**	**58**	**25,828,501**	**1,248,218**	**32,655,284**	**539,354**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	1,353	3	-	-	124,028	51,601	4,824	546
B.2 Performing exposures	374,601	22	4,050,205	1,363	302,859	1,063	19,127,537	21,438	1,063,237	4,724
Total (B)	**374,601**	**22**	**4,051,558**	**1,366**	**302,859**	**1,063**	**19,251,565**	**73,039**	**1,068,061**	**5,270**
Total (A+B) 31 Dec. 2023	**8,918,299**	**13,323**	**10,080,771**	**50,853**	**425,816**	**1,121**	**45,080,066**	**1,321,257**	**33,723,345**	**544,624**
Total (A+B) 31 Dec. 2022	**15,215,363**	**24,346**	**7,315,155**	**43,030**	**131,332**	**95**	**28,737,361**	**1,410,102**	**32,711,887**	**516,800**

On-balance-sheet exposures include loans as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.2 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO CUSTOMERS

Exposures/Geographical areas	Northwest Italy		Northeast Italy		Central Italy		South and insular Italy	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures								
A.1 Bad loans	44,256	146,817	41,719	210,152	25,843	98,743	26,685	99,278
A.2 Unlikely to Pay	350,446	324,676	485,874	251,376	468,212	163,073	106,402	111,104
A.3 Non-performing past-due exposures	5,638	2,856	2,471	1,235	1,632	1,140	2,717	1,580
A.4 Performing exposures	28,470,268	167,242	19,585,805	128,192	18,318,643	82,202	4,624,578	41,922
Total (A)	**28,870,608**	**641,591**	**20,115,869**	**590,955**	**18,814,330**	**345,158**	**4,760,382**	**253,884**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	41,451	10,471	54,449	24,522	21,881	14,870	10,729	2,226
B.2 Performing exposures	12,564,469	11,195	7,712,119	13,556	3,070,565	1,736	1,008,796	810
Total (B)	**12,605,920**	**21,666**	**7,766,568**	**38,078**	**3,092,446**	**16,606**	**1,019,525**	**3,036**
Total (A+B) 31 Dec. 2023	**41,476,528**	**663,257**	**27,882,437**	**629,033**	**21,906,776**	**361,764**	**5,779,907**	**256,920**
Total (A+B) 31 Dec. 2022	**31,198,487**	**732,286**	**21,657,616**	**636,717**	**25,713,428**	**343,431**	**4,875,377**	**276,389**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.3 PRUDENTIAL CONSOLIDATION - BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET CREDIT EXPOSURES TO BANKS

Exposures/Geographical areas	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to Pay	-	-	-	-	-	-	-	-	378	3,759
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	10,794,577	100	1,417,358	36	956	1	13,604	5	3,858	1
Total (A)	**10,794,577**	**100**	**1,417,358**	**36**	**956**	**1**	**13,604**	**5**	**4,236**	**3,760**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	2,133,640	674	1,284,109	20	83,713	7	298,515	20	40,746	10
Total (B)	**2,133,640**	**674**	**1,284,109**	**20**	**83,713**	**7**	**298,515**	**20**	**40,746**	**10**
Total (A+B) 31 Dec. 2023	**12,928,217**	**774**	**2,701,467**	**56**	**84,669**	**8**	**312,119**	**25**	**44,982**	**3,770**
Total (A+B) 31 Dec. 2022	**4,204,592**	**888**	**5,689,006**	**116**	**16,652**	**3**	**171,925**	**80**	**36,621**	**3,817**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.4 LARGE EXPOSURES

As at 31 December 2023 the positions having large exposure features in accordance with Regulation (EU) no. 575/2013 (CRR) as amended, including by Regulation (EU) no. 876/2019 (CRR2) were:

- Of a total nominal amount of Euro 39,247,510 thousand;
- Of a total weighted amount of Euro 995,554 thousand;
- A total number of risk positions of 7 making reference to both nominal value and weighted value.

C. Securitizations

QUALITATIVE DISCLOSURES

This section reports the Group's exposure to securitizations, both those in which the Group is the *originator* of the loams, and those of third parties in which the Group is the investor.

QUALITATIVE DISCLOSURES

The finalization of the securitizations having loans originated and transferred by the Group as underlying assets is mainly intended to carry out *derisking* actions on non-performing credit exposures (bad loans and unlikely to pay).

In 2023 the Group did not carry out any new securitization.

Securitizations in force

The securitizations underway as at 31 December 2023 are listed below.

Stelvio (structured transaction pursuant to Italian Law no.130 of 30 April 1999)

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 an aggregate gross book value of about Euro 1.6 billion.

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022.

Key transaction information	
Transaction finalized on	3 Dec. 2021
Special-purpose vehicle	Ortles 21 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,552,479**
Outstanding notes as at 31 Dec. 2023	**252,601**
Of which senior	198,290
Of which mezzanine	40,000
Of which junior	14,311
Senior notes rating at issue	BBB Scope Rating, DBRS, ARC
Limited recourse loan (Cash reserve) as at 31 Dec. 2023	11,205
Senior notes rating as at 31 Dec. 2023	BBB Scope, DBRS, ARC
Senior notes rating as at 31 Dec. 2023	CAA2 Moody's and CC Scope Rating

The transaction was carried out by the Crédit Agricole Italia Banking Group, con ItalFondiario as the Master Servicer, Zenith as the corporate servicer and DoValue S.p.A. and Cerved as the Portfolio Special Servicers.

Elrond NPL 2017

Key transaction information	
Key transaction information	
Transaction finalized on	14.07.2017
Special-purpose vehicle	Elrond NPL 2017 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,405,252**
Outstanding notes as at 31 Dec. 2023	**284,872**
Of which senior	222,372
Of which mezzanine	42,500
Of which junior	20,000
Senior notes rating at issue	Baa3 Moody's BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2023	9,161
Senior notes rating as at 31 Dec. 2023	CAA2 Moody's and CC Scope Rating

Special servicing is performed by Cerved Credit Management S.p.A., whereas master servicing is performed by Cerved Master Servicer S.p.A.

Aragorn NPL 2018

Key transaction information	
Transaction finalized on	14.06.2018
Special-purpose vehicle	Aragorn NPL 2018 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,670,633**
Outstanding notes as at 31 Dec. 2023	**383,107**
Of which senior	306,285
Of which mezzanine	66,822
Of which junior	10,000
Senior notes rating at issue	BBBL DBRS BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2023	16,407
Senior notes rating as at 31 Dec. 2023	CCC DBRS and Scope Ratings

Master servicing is performed by Master Gardant S.p.A., whereas *special servicing* is performed jointly by Special Gardant SpA and Cerved Credit Management S.p.A..

As the Elrond and Aragorn securitizations had the objective of transferring credit risk, they may entail the specific risk that credit risk is not fully transferred, but the sale of the mezzanine and junior tranches (with substantial transfer of the risks and rewards associated with the securitized loans and the subsequent derecognition of the portfolio) and the State guarantee given, ensure constant compliance with the requirements of significant transfer of credit risk.

Pillarstone Italy

In 2018, Creval (now Crédit Agricole Italia), along with other banks, transferred its loans to Rainbow Magicland S.p.A. to the Pillarstone Italy SPV. With the loans disposed of totalling Euro 8.4 million, in January 2019 Creval subscribed class B1 notes for Euro 1.5 million and class C2 notes for Euro 6.9 million (the latter fully written down).

Key transaction information	
Special-purpose vehicle	Pillarstone Italy SPV S.r.l.
Underlying exposures	Non-Performing Loans having RAINBOW MAGICLAND S.p.A. as the borrower
Geographical area of the sold loans	Italy
Amount of the loans transferred by Crédit Agricole Italia (former-Creval)	**8,395**
Securities subscribed by Crédit Agricole Italia (former-Creval)	**8,395**
Of which class B1	1,469
Of which class C2	6,926
Notes rating	N.R.

The role as Servicer was vested in Banca Finint S.p.a. (within the restructuring of the Securitisation Services S.p.a. Group, it was merged into Banca Finanziaria Internazionale S.p.a. – i.e. Banca Finint S.p.a).

Tranched Cover – Creval 25

In 2020, the "Creval 25" portfolio was finalized for a tranched cover synthetic securitization on newly-originated loans to *Retail* and *Corporate bnkg customers*. The transaction provides for a personal guarantee to be given covering credit risk. The guarantee was given by the Central Guarantee Fund for SMEs on the junior *tranche* of a se3lected portfolio.

The portfolio of underlying exposures consists of loans originated in 2019 and 2020, to approximately 580 enterprises based throughout Italy, amounting to Euro 65,452 thousand, (the junior tranche amounting to Euro 5,638 thousand, the senior tranche amounting to Euro 59,814 thousand).

Key transaction information	
Transaction finalized on	03.10.2020
Originator	Creval S.p.A.
Transaction type	Tranched Cover
Underlying exposures	Unsecured performing loans with average maturity of 60 months
Geographical area of the sold loans	Italy
Amount of the portfolio of underlying assets	**65,452**
Risk holder	
Senior tranche	Crédit Agricole Italia S.p.A.
Junior tranche	Partially covered by protection seller
Guarantees given by third parties	Guarantee given by the Central Guarantee Fund for SMEs on the junior tranche

Risk measurement and control internal systems and hedging policies

In order to comply with the regulatory requirements concerning the recognition of "Significant transfer of credit risk", within the securitizations of non-performing and performing loans, the Group designed a comprehensive and clear-cut framework for periodic monitoring and management of the controls and information flows (consistently with its risk appetite expressed by the Risk Appetite Framework and with its strategic plan),adopting the policy for oversight on the model for governance and management of the risks associated with the securitizations, called Significant Risk Transfer ("SRT").

The "SRT" Policy provides for a clear definition of the roles and responsibilities for monitoring, control and reporting, as well as for the related escalation mechanisms; the Framework for the management of significant transfer of credit risk and the related risk oversight and control system are part of the overall Internal Controls System, which is managed and implemented by the Parent Company Crédit Agricole Italia on behalf of all the entities of the Group.

QUANTITATIVE DISCLOSURES

C.1 BANKING GROUP - EXPOSURES RESULTING FROM "OWN" MAIN SECURITIZATION TRANS

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
A. Fully derecognized	**715,012**	**-1,026**	**772**	**-**	**1**	**-**
ELROND NPL 17-40 TV	222,323	-333	90	-	-	-
ARAGORN NPL 18-38 TV	293,950	-443	-	-	-	-
ORTLES ABS 21-45TV A	198,739	-250	682	-	1	-
PILLARSTONE ITALY SP	-	-	573	-	-	-
B. Partially derecognized	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Name of securitization 1	-	-	-	-	-	-
- type of assets	-	-	-	-	-	-
B.2 Name of securitization 2	-	-	-	-	-	-
- type of assets	-	-	-	-	-	-
B.3 Name of securitization	-	-	-	-	-	-
- type of assets	-	-	-	-	-	-
C. Not derecognized	**4,957**	**-55**	**-**	**-**	**459**	**-628**
MCC Tranched Cover			**-**	**-**	**-**	**-**
- types of assets: mortgage loans and unsecured loans	4,957	-55	-	-	459	-628

C.2 BANKING GROUP - EXPOSURES RESULTING FROM "THIRD-PARTY" MAIN SECURITIZATIO EXPOSURES

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
AGRICOLE BA 22-32 TV	-	-	-	-	-	-
Minibonds	7,484	-10	-	-	-	-

C.3 BANKING GROUP - EQUITY INTERESTS IN SECURITIZATION SPECIAL-PURPOSE ENTITIES

Securitization name// SPV name	Registered Office:	Consolidation
Ortles 21 S.r.l.	Milan, Italy	No
Elrond NPL 2017 S.r.l.	Conegliano Veneto (TV), Italy	No
Aragorn NPL 2018 S.r.l.	Rome	No
Pillarstone Italy SPV S.r.l.	Milan, Italy	No

As regards the Ortles, Elrond, Aragorn and Pillarstone transactions, given that there is no control in accordance with IFRS 10 an

SACTIONS BROKEN DOWN BY TYPE OF SECURITIZED ASSETS AND BY TYPE OF EXPOSURES

Guarantees given						Credit lines					
Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

ON TRANSACTIONS BROKEN DOWN BY TYPE OF SECURITIZED ASSETS AND BY TYPE OF

Guarantees given						Credit lines					
Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-

Assets			Liabilities		
Credit	Debt securities	Other	Senior	Mezzanine	Junior
224,532	-	37,788	198,495	42,112	19,690
968,639	-	-	237,316	42,500	20,000
212,968	-	58,147	359,384	80,067	14,480
42,009	-	-	25,983	25,601	105,917

nd considering the transfer to third parties of all the risks and rewards, the special-purpose entities have not been consolidated.

C.4 BANKING GROUP - SECURITIZATION SPECIAL-PURPOSE ENTITIES NOT CONSOLIDATED

Subsequent to the Stelvio transaction, which was finalized at the end of 2021, as at 31 December 2023 the Group held the senior tranche issued by the special-purpose entity Ortles 21 and having a book value of Euro 198.7 million, 5% of the mezzanine tranche having a book value of Euro 0.7 million and 5% of the junior tranche, which has been fully written down. Within the transaction, the Group made a limited recourse loan (cash reserve) to the special-purpose entity amounting , as at 31 December 2023, to Euro 11.2 million.

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022 and, therefore, the variability of the performance of that tranche is not material.

As regards the securitization transactions carried out by Creval before its acquisition, as at 31 December 2023 the Crédit Agricole Italia Banking Group held the senior tranches issued by the special-purpose entities Elrond NPL 2017 and Aragorn NPL 2018 backed by the GACS Italian State guarantee and amounting to a book value of Euro 516.2 million, and 5% of the mezzanine and junior tranches having a total book value of about Euro 90 thousand. Within those transactions, the Group made limited recourse loans to the special-purpose entities to provide them with cash reserves to manage the risk of any mismatch between the funds from collections and recoveries on the portfolio of transferred loans on the one hand, and the necessary funds to pay interests on the senior ABS on the other, amounting to Euro 25.6 million and recognized in item “40. Financial assets measured at amortized” cost as at 31 December 2023 As regards the Pillarstone transaction, the Group subscribed a portion of the mezzanine notes amounting to Euro 1.5 million, having a total book value of Euro 0.5 million, and a portion of the junior notes amounting to Euro 6.9 million and fully written down.

The State guarantee limits the variability of the results for the Group on the senior tranche and, consequently, the maximum exposure to the risk of loss is equal to the sum of the book values of the junior and mezzanine tranches amounting to Euro 1.3 million, and the book value of the limited recourse loans amounting to Euro 36.8 million. The maximum exposure to the risk of loss is deemed amounting to Euro 38.1 million.

C.6 BANKING GROUP - SECURITIZATION SPECIAL-PURPOSE ENTITIES CONSOLIDATED

For more exhaustive information on the securitization special-purpose entities that have been consolidated, please see chapter C.1 – Securitizations – qualitative disclosures.

D. Asset disposals

A. Financial assets disposed of and not fully derecognized

QUALITATIVE DISCLOSURES

This case does not apply.

D.4 COVERED BOND PROGRAMME

In order to increase its liquidity reserves, in 2013 Crédit Agricole Italia designed its public program for the issue of Covered Bonds. These bonds are secured, i.e. “covered” both by the issuing Bank and by a pool of high-quality loans that are managed by a special-purpose entity (Crédit Agricole Italia OBG S.r.l. – the Special-Purpose Entity dedicated to the Program, of which Crédit Agricole Italia holds 60%), operating as the depositary of the mortgage loans used as collaterals. The Programme requires effective organizational control and significant capital strength. It is also emphasized that the above program has no effect on the regulatory risk profile of Crédit Agricole Italia Banking Group and does not generate the obligation for the Bank to derecognize the assets used as collaterals.

The Italian legislation framework on covered bonds consists of Article 7-*bis* of Law No. 130 of 30 April 1999 (as amended and supplemented, hereinafter referred to as "Law 130"), of the Decree issued by the Italian Minister of the Economy and Finance No. 310 of 14 December 2006 (the "MEF Decree") and by the Provisions for Prudential Supervision of Banks set down in the Bank of Italy's Circular No. 285 of 17 December 2013, as supplemented and amended (the "Instructions" and, jointly with Law 130 and with the MEF Decree, the "Legislation"). In 2023 the Bank of Italy provisions applicable to the Covered Bond Program were implemented, in accordance with Directive (EU) 2019/2162 to implement Regulation (EU) 2019/2160. The issue of Covered Bonds has allowed Crédit Agricole Italia to further diversify its stock of eligible assets with the European Central Bank, to have access to funding tools with longer maturity than the securities placed with its Retail Customers, to diversify its investor base and to stabilize the cost of funding.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities.

Crédit Agricole Italia transfers a pool of residential mortgage loans to Crédit Agricole Italia OBG S.r.l., which finances the payment of purchase price of the assets through a subordinated loan, originated by the Bank. Crédit Agricole Italia issues the Covered Bonds, on which a guarantee is given to the subscribers so that they can rely on a pool of assets separated from those of the Bank and consisting of the assets transferred to the Special-purpose Entity. The repayment of the Covered Bonds that have been issued within the programme is indeed secured by unconditional and irrevocable guarantee given by Crédit Agricole Italia OBG exclusively to the benefit of the Covered Bond subscribers and of unrelated counterparties.

The programme, which is part of a process for enhancing the efficiency of funding sources, aims at providing the Bank with a wider range of liquidity management instruments. Indeed, thanks to the Programme of issues on the market, Crédit Agricole Italia can access funding instruments with longer maturities than that of the securities placed with Retail Customers, stabilize the cost of funding and diversify its investor base, being appreciated as one of leading players on the Italian Covered Bond market.

Furthermore, thanks to the issue of retained Covered Bonds, an additional buffer of eligible assets with the ECB to be used in refinancing operations.

In June 2023, Crédit Agricole Italia went again to the market with a new issue of Premium Covered Bonds (PCBs), i.e. Covered Bonds meeting the EU *Premium Label* requirements, in compliance with the latest EU Directives, with 6.5-year maturity for an amount of 1 billion Euros. Furthermore, on 5 October 2023, a *Premium Covered Bond* was issued and fully subscribed by the European Investment Bank (EIB), for an amount of 400 million Euros under the agreement signed by and between the two parties to support new investments made by small and medium enterprises and farms. That agreement establishes that at least 25% of the resources be used to assist Customers in achieving their environmental sustainability and energy transition goals, giving once again evidence of Crédit Agricole Italia's commitment to the market and its focus on circular economy and ESG matters.

Furthermore, again in June, two retained Covered Bonds were repaid, one for an amount of 500 million Euros maturing on 20 July 2023, and the other, which was repaid partially, for an amount of 250 million Euros, with the remaining 500 million Euros maturing in Q1 2024. Along with the aforementioned transactions, on 16 June 2023 a Covered Bond issued on the market for 1 billion Euros reached its maturity.

As at 31 December 2023, the nominal value of the outstanding bonds came to Euro 11.65 billion, of which Euro 2.00 billion in retained bonds and Euro 9.65 billion in publicly traded bonds.

The cover pool

The loan pool that, each time, is transferred to the Special-purpose Vehicle must have some common features.

Since May 2013, several transfers have been made within which receivables, i.e. credit claims, based on mortgage loan contracts were selected and, as at their respective transfer date, had, by way of example and not limited to, the following common features:

- Credit claims based on mortgage loan contracts:
  - Which are residential mortgage loans (i) having a risk-weighting factor not higher than 35% and (ii) for which the residual principal amount plus the residual principal of any previous mortgage loans with mortgage on the same property is not higher than 80% of the value of the mortgaged property; or
  - Which are mortgage loans originated or purchased by Crédit Agricole Italia;
  - Which are performing with no instalments past due by over 30 days;
  - Which do not include clauses restricting the right of Crédit Agricole Italia to sell its credit claims resulting from the relevant loan contract or providing for the borrower's consent to the transfer and for Crédit Agricole Italia to have obtained such consent;
  - for which any pre-amortization period provided for by the contract has fully expired and at least one instalment has matured and has been paid;
  - Which have been granted to a natural person, a legal person or to more than one natural or legal person, who have jointly taken out the loan;
  - Which provide for the payment by the borrower of interest at a floating or fixed rate.
- Specifically, in 2023 a transfer of residential mortgage loans was made:
  - On 16 June 2023 Crédit Agricole Italia transferred the fourteenth pool to Crédit Agricole Italia OBG S.r.l. for a total principal amount of approximately Euro 2.27 billion.

As at 31 December 2023, the Cover Pool consisted of 180,845 mortgage loans, with a total residual debt, net of any repayments, of approximately Euro 14.5 billion.

Current accounts

The Programme provides for a complex structure of current accounts to manage the cash flows from the transaction.

A number of accounts have been opened in the name of Crédit Agricole Italia OBG and specifically, but not limited to: collection accounts, quota capital account, reserve fund account, guarantor payments account and expenses account.

Parties involved in the Programme

With regard to the Programme, the following parties have the roles set forth here below:

- Transferor Bank: Crédit Agricole Italia;
- Master Servicer: Crédit Agricole Italia (which, in this capacity, has been tasked by Crédit Agricole Italia OBG, pursuant to the Servicing Master Agreement, with the collection and recovery of the receivables in the Initial Pool and in the pools that the Transferor Bank will transfer to Crédit Agricole Italia OBG pursuant to the Transfer Master Agreement);
- Principal Paying Agent: Crédit Agricole Italia (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to determine and process the payments due, for principal and interest, to the holders of the Covered Bonds);
- Calculation Agent: Crédit Agricole Corporate & Investment Bank, Milan Branch ("CACIB") (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to prepare and sent – to all parties to the agreement – the so-called Payments Report, setting forth the available funds owned by Crédit Agricole Italia OBG and the payments to be made, based on the payment priority order as set by the parties in the transaction, pursuant to the Intercreditor Agreement, from the available funds);
- Account Bank: Crédit Agricole Italia (with which, in this capacity, pursuant to the Cash Management and Agency Agreement, the Italian current accounts shall be opened and kept in the name of Crédit Agricole Italia OBG S.r.l.; on these accounts the liquidity shall be deposited to be used for the payments as per the Programme schedule).

Asset Monitor: BDO Italia (which, in this capacity, pursuant to the Asset Monitor Agreement, shall carry out the calculations and verifications on the Mandatory Tests and on the Amortisation Test to be performed pursuant to the Cover Pool Administration Agreement, verifying the accurateness of the calculations made by the Calculation Agent pursuant to the Cover Pool Administration Agreement. With separate assignment, the Asset Monitor, tasked by Crédit Agricole Italia, shall carry out further verifications, specifically on (i) compliance of the eligible assets making up the Pool with the requirements set by the Legislation and (ii) compliance with the limits set for the transfer and with the issuers' requirements as provided for in the Instructions and (iii) the completeness, truthfulness and promptness of the information made available by investors):

- Guarantor quotaholders: Crédit Agricole Italia and Stichting Pavia (which, in this capacity, have signed the Quotaholders Agreement to exercise the corporate rights associated to the equity investment held by each one of them in Crédit Agricole Italia OBG);
- Representative of the Covered Bondholders: Zenith Service (which, in this capacity, exercises, towards Crédit Agricole Italia and Crédit Agricole Italia OBG, the rights of the counterparties involved in the transaction based on the Programme Contracts);
- Administrative Services Provider: Zenith Service (which, in this capacity, has the task of providing Crédit Agricole Italia OBG with administrative and corporate services relating to the activities to be carried out within the Programme);
- Arranger: CACIB;
- Rating Agency: Moody's.

Risks associated with the Programme

The Programme for the Issue of Covered Bonds entails the financial risks specified below, for which several mitigation measures have been adopted: Credit Risk, Liquidity Risk, Refinancing Risk, Counterparty Risk, Operational Risks, Risk of Bankruptcy of the Issuer Bank, Legal Risks.

Based on the procedures, in compliance with the Supervisory Instructions, the Internal Audit Department of Crédit Agricole Italia performs a verification of the controls carried out, at least every 12 months, also using the information received from and the judgements expressed by the Asset Monitor.

The Programme financial structure envisages that Crédit Agricole Italia may issue Covered Bonds, in more than one subsequent series, to be rated by Moody's Investors Service (presently the expected rating is Aa3).

1.2 MARKET RISK

1.2.1 Interest rate risk and price risk – Supervisory Trading Book

QUALITATIVE DISCLOSURES

A. General aspects

The Crédit Agricole Italia Banking Group does not typically engage in proprietary trading on financial markets, but only in trading operations to meet its customers' needs. Furthermore, trading activities are subject to specific regulatory requirements that prohibit any proprietary speculative trading. The applicable legislation consists of the Volcker Rule (Dodd-Frank Wall Street Reform and Consumer Protection Act) and the LBF - "*Loi de séparation et de régulation des activités bancaires*" (French law no. 2013-672)). Following the Volcker Rule reform in 2020, the Crédit Agricole Italia Banking Group has been classified as a TOTUS ("Totally Outside The US") entity. The Entities that do not have any branches in the US or direct operations in the US territory are exempted from the obligation to perform the Volcker specific controls that were previously required, thus simplifying the programme for compliance with that piece of legislation.

Therefore, trading activities are ancillary to and aimed at meeting customers' requirements; the Group takes only residual risk positions in the trading book.

The trading book of the entities of the Crédit Agricole Italia Banking Group mainly consists of Over-The-Counter derivatives (matched trading) and non-structured financial instruments. The control of market risk on the trading book ensures that a risk level consistent with the Group's objectives is continuously maintained.

Given the exposure immateriality, Pillar One capital absorption is calculated in accordance with the standardized approach.

B. Management and measurement of interest rate and price risks

Organisational aspects

The process for the management of market risks is regulated by the relevant risk policy. This document lays down the internal system of normative instruments for the management of risks with reference to operations in financial instruments, foreign currencies and commodities, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of market risk;
- Guidelines and rules which the market risk management processes are based on.

The Market Risk Policy is one of the components of the overall risk governance model implemented by the Crédit Agricole Group, consistently with the guidelines issued by the Parent Company Crédit Agricole S.A.

Within the process for market risk management, primary responsibility is assigned to corporate bodies/ structures, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is the body engaged in strategic oversight functions and is therefore responsible for defining market risk governance policies and management processes;
- The Co-General Manager in charge of Corporate Banking, delegating the relevant powers to the Corporate Banking Department, is the officer responsible for market risk management, and, therefore, sets down and steers the Group's mechanism for the management of Market Risk;
- The Capital Management and Middle Office Service is responsible for controlling the perfect back–to-back of the transactions entered by the Capital Market & Open Innovation Division on behalf of Customers;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of the market risk treatment with the applicable legislation in force and with the Group Risk Strategy.

The model for market risk management and governance applies to the entire consolidation perimeter.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is a mechanism designed to control that operational practices, at the various organisational levels, are performed in compliance with management guidelines and strategies, as defined by the Top Management.

The risk framework system regarding the trading books of the Crédit Agricole Italia Banking Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Its risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The system of global limits must be able to ensure a controlled development of the business. The limits are set in order to contain any losses within a level that is deemed acceptable for the Crédit Agricole Group as a whole and are defined using common metrics, such as Notional Value, Mark to Market and Value at Risk. As regards limits and thresholds on market risk, the global limits and global alert thresholds are validated by the Group Risk Committee of Crédit Agricole SA (*Comité Risques Groupe* - CRG) and approved by the Board of Directors of the Parent Company Crédit Agricole Italia and implemented by the BoD of the other Entities of the Group, whereas the local operational limits and the local alert thresholds – which are specific adaptations of the global limits - are adapted locally and also validated by the Board of Directors of Crédit Agricole Italia and submitted for implementation and information to the Boards of Directors of the other Entities.

Control System

The monitoring of global and operational limits is a task assigned to the Risk Management and Permanent Controls Department. Reporting on compliance with the set limits is included in the monthly Financial Risk Report, while continuous compliance is verified with automated daily reporting through an internal procedure. . The Financial Risk Report is sent to the Group's top bodies and officers, to the structures engaged in market risk management, to the Internal Audit Department and to the Group Risk Department (*Direction Risques Groupe*) of Crédit Agricole S.A. A summary of this report is the basis for quarterly reporting on market risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are breached, there are significant changes in markets, significant losses, etc.), a specific alert procedure is triggered, reporting the event and a remedial action plan to the Top Management Bodies and to the Parent Company Crédit Agricole S.A., depending on the type of breach detected.

Furthermore, the Risk Management and Permanent Controls Department performs Independent Price Verification of the financial instruments on the trading book and audits on Prudent Valuation of the financial instruments held by the Group. As regards derivative instruments sold to ordinary instruments, it issues opinions on the pricing methodology, whose models, which are commonly used in financial practices, are fed with input parameters (such as interest rate, exchange rate and volatility curves) observed on the market and subject to monitoring processes.

Local "Correspondant Volcker Rule" (the Local Officer in charge of the Volcker Rule)

The Local "*Correspondant Volcker Rule*" (the Local Officer in charge of the Volcker Rule) for the Crédit Agricole Italia Banking Group is part of the Finance Department and is responsible for ensuring that the Group is always compliant with the Volcker Rule and with the LBF cooperating with the central Officers in charge at Crédit Agricole S.A..

Fair Value Option

In 2023, no transactions recognized under "Fair Value Option" were carried out.

QUANTITATIVE DISCLOSURES

1 SUPERVISORY TRADING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF ON-BALANCE-SHEET FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL DERIVATIVES

EURO

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**1**	**-**	**16**	**2**	**1**	**-**
1.1 Debt securities	-	-	1	-	16	2	1	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	1	-	16	2	1	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives								
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	30	16,878	23,574	40,414	95,410	6,425	49	-
+ short positions	27	16,871	23,571	40,418	95,417	6,426	49	-
- Other derivatives								
+ long positions	130,307	3,712,855	2,252,378	1,069,139	2,864,348	217,250	18,808	-
+ short positions	130,307	3,708,535	2,250,433	1,071,291	2,864,406	217,250	18,808	-

Other currencies

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	441	251	541	252	-	-	-
+ short positions	-	441	251	541	252	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	309,744	190,199	149,386	43,149	-	-	-
+ short positions	-	314,178	190,197	149,386	43,149	-	-	-

1.2.2 Interest Rate Risk and Price Risk - Banking Book

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of interest rate risk and price risk

General aspects

Asset & Liability Management activities cover all the items on the banking book, on-balance-sheet and off-balance-sheet. Future fluctuations in interest rates that would impact on profits, through changes in net interest income, and that would also have an effect on the discounted value of its capital, as they would cause a change in the net present value of future cash flows, are mitigated with hedges that are calibrated also through specific modeling of financial statement items.

Organisational aspects

In its capacity as the Parent Company, Crédit Agricole Italia coordinates the interest rate risk and price risk profiles of the Group's banking book, centrally managing financial operations, as well as risk assessment and control activities.

The Governance model adopted by the Crédit Agricole Italia Banking Group vests:

- The ALM Committee with the task of setting the strategic and direction lines for the management, of validating proper application of the standards and methods for measuring the exposure to interest rate risk, of examining the reporting produced by the Finance Department, as well as to resolve on any measures to be implemented, as well as of validating the local operational limits and the local alert thresholds regarding interest rate risk.
- The Risk and Internal Control Committee with the task of examining the outcomes of controls on compliance with the RAF and Risk Strategy limits and alert thresholds, as well as any alert procedures that started.

The CFO is responsible for the management and measurement of interest rate risk for the Group as a whole. Through the Finance Department, the CFO sets the methods for managing interest risk in compliance with the applicable regulations and with the methodological indications provided by the Crédit Agricole S.A. Group. The CFO also designs operational actions, carries out stress testing exercises based on the guidelines issued by the Crédit Agricole Group and prepares the ICAAP reports, both the local one and the contribution to the Group's ICAAP exercise.

The Risk Management and Permanent Controls Department is responsible for control. Therefore, it verifies the corporate risk management process and supervises compliance of the risk treatment with the applicable legislation in force and with the Group Risk Strategy.

In compliance with the normative instruments of the Crédit Agricole Group and with the supervisory regulations, the system of limits to the interest rate risk is reviewed on a yearly basis within the Risk Appetite Framework (RAF) process, setting out operational limits in the Risk Strategy, which is submitted to the Group Risk Committee of Crédit Agricole SA. and is approved by the Boards of Directors of all the Group's Entities. The local operational limits and thresholds are reviewed by the ALM Committee.

Risk policy and management

The processes for the management of interest rate risk and price risk are governed by the respective risk policies. These documents lay down the internal normative framework for the management of risks with reference to operations in financial instruments, in terms of:

- Principles, objectives, methodologies and tools used for the measurement, control and management of risks;
- Guidelines and rules on which the Risk Management and Stress Testing processes are based.

The management of interest rate risk designed by the Crédit Agricole Italia Banking Group aims at ensuring that the individual legal entities and the Group as a whole achieve the maximum possible income from the existing positions through proactive management of interest risk hedges. The main financial instruments to manage risk hedges are derivative contracts, i.e. interest rate options and Interest Rate Swaps.

Control System

Independent level 2.2 control on the system for the management of interest rate risk is performed by the Risk Management and Permanent Controls Department of Crédit Agricole Italia,by verifying the system compliance with the internal model of Crédit Agricole S.A. Specifically, within its responsibilities, the Risk Management and Permanent Controls Department:

- Independently verifies compliance with the limits and alter thresholds provided for by the RAF and by the Risk Strategy; it also expresses its prior opinion in case of any changes to the approaches and methods used by the Finance Department, while reporting on them to the ALM Committee and to the Risk and Internal Control Committee;
- Submits the outcomes of its verifications to the Controlling Company on a monthly basis and, in case of breach of any one of the limits and alert thresholds set in the Risk Strategy and/or locally by the ALM Committee, it triggers the alert procedure, with a specific *escalation* measure depending on the type of breach detected , and analyzes and approves the action plan proposed by the relevant corporate structures;
- Reports to the Boards of Directors of the single Banks of the Group and to the Risk and Internal Control Committee on any breached limits or thresholds, problems arisen and compliance with the Risk Strategy.

The Risk Management and Permanent Controls Department is responsible for level 2.2. control on compliance with the set limits and thresholds; therefore, on a monthly basis, it prepares and sends its Financial Risk Report to the Corporate Bodies, which provides information on the control outcomes and on any breaches of limits and thresholds, and activates, where required, the appropriate alert procedures. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to the Boards of Directors of the Group Entities.

Risk measurement: Methodological Aspects

The model for the measurement of global interest rate risk provides for an analysis of the contractual profile (cash flow generation by maturity), of all balance-sheet items and, where appropriate, for the "modeling" of other balance sheet items that, in terms of asset stability and responsiveness to changes in market interest rates, are among the items that are sensitive to interest rate risk for the Entities of the Group. Specifically, for interest rate risk analysis, the following elements are identified:

- Fixed-rate Term loans (with contractually defined term);
- Floating-rate term loans (with contractually defined term) for the portion with an already established rate;
- Balance-sheet items modelled in accordance with Crédit Agricole S.A. methodological guidelines;
- Balance-sheet items "modelled" in accordance with a statistical analysis able to differentiate a part stable over time by volume and, within it, the component linked to the market (floating-rate part) and the "core" part (fixed-rate one);
- Balance-sheet items modelled in accordance with specific management rules set by the relevant corporate structures of Crédit Agricole Italia (local models);
- Loans with optional contents.

As regards price risk for the Banking Book, global limits have been set, based on the type of instruments that can be held, which are expressed with reference to indicators, such as the balance sheet notional value and fair value, along with the outcomes of the management for stress testis on the relevant perimeter.

QUANTITATIVE DISCLOSURES

1. Banking book: breakdown by residual maturity (by repricing date) of financial assets and liabilities

EURO

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**25,823,523**	**26,031,235**	**2,054,222**	**2,207,496**	**10,982,394**	**6,812,079**	**10,967,503**	**-**
1.1 Debt securities	-	1,474,873	84,316	622,765	4,487,279	1,697,711	715,784	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	1,474,873	84,316	622,765	4,487,279	1,697,711	715,784	-
1.2 Loans to banks	11,212,322	644,565	5,848	40,149	642	-	-	-
1.3 Loans to customers	14,611,201	23,911,797	1,964,058	1,544,582	6,494,473	5,114,368	10,251,719	-
- c/a	990,271	868,631	36,377	19,001	37,607	2,157	1,092,855	-
- other loans	13,620,930	23,043,166	1,927,681	1,525,581	6,456,866	5,112,211	9,158,864	-
- with early repayment option	3,449	665,604	205,485	43,105	95,519	2,719	37	-
- other	13,617,481	22,377,562	1,722,196	1,482,476	6,361,347	5,109,492	9,158,827	-
2. On-balance-sheet liabilities	**58,087,760**	**7,327,781**	**1,527,378**	**2,292,411**	**4,274,619**	**4,221,126**	**4,398,475**	**-**
2.1 Due to customers	58,033,520	329,467	14,526	30,129	231,186	221,606	2,646,601	-
- c/a	54,060,772	300,041	-	-	-	-	2,598,300	-
- other due and payables	3,972,748	29,426	14,526	30,129	231,186	221,606	48,301	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	3,972,748	29,426	14,526	30,129	231,186	221,606	48,301	-
2.2 Due to banks	51,807	4,898,740	232,551	13	40,973	178	67	-
- c/a	6,850	-	-	-	-	-	-	-
- other due and payables	44,957	4,898,740	232,551	13	40,973	178	67	-
2.3 Debt securities	2,433	2,099,574	1,280,301	2,262,269	4,002,460	3,999,342	1,751,807	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	2,433	2,099,574	1,280,301	2,262,269	4,002,460	3,999,342	1,751,807	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**165,026**	**35,741,469**	**775,363**	**2,993,438**	**15,641,204**	**10,014,446**	**7,308,676**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	165,026	35,741,469	775,363	2,993,438	15,641,204	10,014,446	7,308,676	-
- Options	26	55,742	150,363	245,546	2,381,328	989,112	1,031,676	-
+ long positions	26	25,051	74,663	120,285	1,191,004	496,436	519,430	-
+ short positions	-	30,691	75,700	125,261	1,190,324	492,676	512,246	-
- Other derivatives	165,000	35,685,727	625,000	2,747,892	13,259,876	9,025,334	6,277,000	-
+ long positions	140,000	8,961,787	575,000	2,211,227	10,148,900	8,110,000	3,746,000	-
+ short positions	25,000	26,723,940	50,000	536,665	3,110,976	915,334	2,531,000	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

Other currencies

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**87,701**	**318,912**	**14,473**	**17,330**	**15,896**	**203**	**1**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	78,407	247,780	-	1,020	-	-	-	-
1.3 Loans to customers	9,294	71,132	14,473	16,310	15,896	203	1	-
- c/a	5,096	23	17	36	6	-	1	-
- other loans	4,198	71,109	14,456	16,274	15,890	203	-	-
- with early repayment option	-	32,307	4,687	2,206	-	-	-	-
- other	4,198	38,802	9,769	14,068	15,890	203	-	-
2. On-balance-sheet liabilities	**384,521**	**63,446**	**5,729**	**2,127**	**-**	**-**	**-**	**-**
2.1 Due to customers	374,340	3,662	1,538	2,127	-	-	-	-
- c/a	373,393	3,662	1,538	2,127	-	-	-	-
- Other due and payables	947	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	947	-	-	-	-	-	-	-
2.2 Due to banks	10,181	59,784	4,191	-	-	-	-	-
- c/a	10,181	-	-	-	-	-	-	-
- Other due and payables	-	59,784	4,191	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**-**	**3,463**	**1,432**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	2,373	75	-	-	-	-	-
+ short positions	-	1,090	1,357	-	-	-	-	-

1.2.3 Foreign exchange risk

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of foreign exchange risk

General aspects

The Crédit Agricole Italia Banking Group is not engaged in proprietary trading on the currency market. Consequently, there are no exposures other than residual positions resulting from activities carried out to meet customer requirements, in both the spot and forward markets.

Management and measurement of foreign exchange risk - Organisational aspects

The process for the management of foreign exchange risks is governed by the relevant risk policy, which is one of the key components of the overall risk governance model implemented by the Group, consistently with the guidelines given by Crédit Agricole S.A..

Within the process for foreign exchange risk management, primary responsibility is assigned to corporate bodies/departments, according to their respective scopes, and they must be fully aware of the Bank's level of exposure.. Specifically:

- The Board of Directors is tasked with strategic oversight and is therefore responsible for defining risk governance policies and management processes;
- The Co-General Manager, through the Capital Market & Open Innovation Division, is responsible for risk management, and, therefore, defines and steers the Group's mechanism for the management of exchange rate risk, in compliance with the instructions and resolutions issued by the ALM Committee and by the Risk and Internal Control Committee;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of the foreign exchange risk treatment with the applicable legislation in force and with the Group Risk Strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is designed to control that operations are performed in compliance with the management and strategic directions set by the Top Management.

The Group's framework system for foreign exchange risk is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole S.A. Group. The risk appetite is structured through global limits and operational limits that are set by the Crédit Agricole Italia Group in its Risk Strategy.

The global limit is set in order to ensure a controlled development of the business. It is calculated as the sum of the value in Euro of the open foreign currency position (in absolute value) for each currency and is validated by the Group Risk Committee (CRG) of Crédit Agricole S.A. and approved by the Boards of Directors of Crédit Agricole Italia and of the single Entities of the Group.

Control System

The monitoring of the limits, which is carried out on a daily basis, is a task assigned to the Risk Management and Permanent Controls Department. The outcomes of monitoring on limits are included in the monthly Report on Financial Risks. It is sent to the Group's Top Management (CFO), to the structures engaged in foreign exchange risk management (Corporate Banking Department), to the Internal Audit Department and to Crédit Agricole S.A. (*Direction Risques Groupe*).

A summary of this report is the basis for quarterly reporting on foreign exchange risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Boards of Directors of the Group's Entities).

If certain events occur (the limits are breached, there are material changes in markets, material losses, etc.), the Group triggers the alert procedure in force, reporting the event and the related remedial action plan to the Top Management Bodies and to the *Direction Risques Groupe* of Crédit Agricole S.A., depending on the type of breach.

B. Foreign exchange risk hedging

Foreign exchange risk hedging is based on the intermediation principle, which allows the Group not to take foreign exchange risk positions breaching the authorized operational limits. Back-to-back hedging transactions are carried out with authorized financial counterparties, are traded upon the closing of the relevant transactions with Customers and entered in the relevant procedures within the business day.

QUANTITATIVE DISCLOSURES

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	USD	GBP	JPY	CAD	CHF	Other currencies
A. Financial Assets	**372,627**	**30,229**	**16,338**	**4,828**	**15,574**	**13,841**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	32	-	-	-	-	-
A.3 Loans to banks	262,120	28,963	15,970	4,098	4,756	11,299
A.4 Loans to Customers	110,475	1,266	368	730	10,818	2,542
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**13,647**	**1,666**	**274**	**368**	**1,584**	**1,372**
C. Financial Liabilities	**375,900**	**31,889**	**16,570**	**4,985**	**16,350**	**10,127**
C.1 Due to banks	65,293	1,740	-	1,038	1,717	4,367
C.2 Due to customers	310,607	30,149	16,570	3,947	14,633	5,760
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**7,003**	**200**	**3**	**141**	**472**	**4,762**
E. Financial derivatives						
- Options						
+ long positions	1,135	325	11	12	-	2
+ short positions	1,135	325	11	12	-	2
- Other derivatives						
+ long positions	491,895	46,535	15,886	10,498	4,190	93,840
+ short positions	496,047	46,560	15,944	10,449	4,530	93,748
Total assets	**879,304**	**78,755**	**32,509**	**15,706**	**21,348**	**109,055**
Total liabilities	**880,085**	**78,974**	**32,528**	**15,587**	**21,352**	**108,639**
Mismatch (+/-)	**-781**	**-219**	**-19**	**119**	**-4**	**416**

1.3 Derivative instruments and hedging policies

1.3.1 Derivative instruments held for trading

A. Financial Derivatives

A.1 CREDIT DERIVATIVES HELD FOR TRADING: CLOSING NOTIONAL VALUES

Underlying assets/ Type of derivatives	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**6,339,679**	**5,448,554**	**-**	**-**	**6,006,135**	**5,988,512**	**-**
a) Options	-	1,226,830	1,001,302	-	-	1,082,396	1,044,397	-
b) Swaps	-	5,112,849	4,447,252	-	-	4,923,739	4,944,115	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	
3. Foreign exchange and gold	**-**	**797,659**	**760,782**	**-**	**-**	**802,572**	**865,562**	**-**
a) Options	-	157,036	158,077	-	-	114,126	114,126	-
b) Swaps	-	78,786	19,518	-	-	74,028	74,028	-
c) Forwards	-	561,837	583,187	-	-	614,418	677,408	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**7,137,338**	**6,209,336**	**-**	**-**	**6,808,707**	**6,854,074**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN

Underlying assets/ Type of derivatives	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Positive fair value								
a) Options	-	27,270	3,765	-	-	52,770	3,226	-
b) Interest rate swaps	-	132,335	21,665	-	-	252,464	3,098	-
c) Cross currency swaps	-	543	-	-	-	1,231	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	7,543	5,153	-	-	9,322	8,876	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	20	106	-	-	720	186	-
Total	**-**	**167,711**	**30,689**	**-**	**-**	**316,507**	**15,386**	**-**
2. Negative fair value								
a) Options	-	7,187	23,542	-	-	3,240	51,794	-
b) Interest rate swaps	-	35,188	119,356	-	-	3,895	250,192	-
c) Cross currency swaps	-	543	-	-	-	-	1,229	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	5,008	7,298	-	-	7,745	10,071	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	99	20	-	-	178	705	-
Total	**-**	**48,025**	**150,216**	**-**	**-**	**15,058**	**313,991**	**-**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

Underlying assets	Central counterparties	Banks	Other financial companies	Others
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	126,422	5,322,132
- positive fair value	X	-	1,392	22,299
- negative fair value	X	-	1,677	140,630
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold				
- notional value	X	19,510	-	741,271
- positive fair value	X	72	-	6,923
- negative fair value	X	82	-	7,828
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	5,901,423	156,488	281,768
- gross positive fair value	-	154,387	2,566	2,065
- gross negative fair value	-	29,944	3,213	7,475
2) Equity securities and equity indices				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	762,143	-	35,516
- gross positive fair value	-	8,696	-	-
- gross negative fair value	-	6,748	-	644
4) Commodities				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING LIFE OF OTC FINANCIAL DERIVATIVES: NOTIONAL VALUES

Underlying asset/remaining life	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	5,830,566	5,485,553	472,115	11,788,234
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3. Financial derivatives on foreign exchange rates and gold	1,417,967	140,473	-	1,558,440
A.4 Financial derivatives on other values	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2023	**7,248,533**	**5,626,026**	**472,115**	**13,346,674**
Total 31 Dec. 2022	**5,511,171**	**7,352,129**	**799,481**	**13,662,781**

1.3.2 Accounting hedges

QUALITATIVE DISCLOSURES

A. Fair Value hedging

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The main financial instruments for the management of interest risk hedges are Interest Rate Swaps and Interest Rate Options, which, for their very nature, are contracts referring to “pure” interest rate risk.

Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with optional components to Customers (macro-hedging), government securities (micro- hedging), current accounts and fixed-rate mortgage loans in the macro-hedging portfolio.

In compliance with the financial reporting standards, the effectiveness of the hedges is assessed by the Finance Department, which carries out the relevant tests on a monthly basis and keeps formal documentation for every hedge.

B. Cash flow hedging

In 2023, no Cash Flow Hedge transactions were carried out.

D. Hedging instruments

The Crédit Agricole Italia Banking Group hedges interest rate risk resulting from some parts of its balance sheet items under fair value hedging, with the following instruments:

- IRS, both for micro-hedging (Issued Debenture Loans and Securities under assets), and for macro-hedging (modelled Retail Current Accounts under liabilities and fixed-rate mortgage loans to Customers);
- IRO, in macro-hedging, to hedge optional risk resulting from CAP options associated with a part of mortgage loans sold to Customers.

A source of ineffectiveness set for all the types of hedging used is the possible early repayment of the hedged item. Moreover, for hedging with IRS, also any possible sudden and material change in the Euribor rates, entailing the breach of the tolerance threshold set by IAS 39 for the hedge ratio (-80%/-125%), could be a cause of possible ineffectiveness. Lastly, as regards hedging of “modelled” items, a change in the model’s financial characteristics, subsequent to the periodic review of the models, could also be yet another cause of ineffectiveness.

Over time, ineffectiveness resulting from early or from the periodic review of the models (reduction in the modelled item duration) has been overcome with total or partial unwinding of the hedging instruments.

E. Hedged items

Hedging of issued (fixed-rate) Debenture Loans:

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread.

The spread on the variable-rate leg of the IRS is included in the hedging relationship, inverting its sign, as "spread adjustment" of the hedged item (debenture loan rate +/- spread adjustment). In this way, based on the assumption that the two legs of the IRS, on the trading date, have the same value and knowing that an IRS contract hedges interest rate risk only, the value of the "hedged item" referring to every debenture loan can be determined, or the only part of the debenture loan interest rate referring to the hedged risk (interest rate risk).

Hedging of Securities recognized as Assets (fixed rate):

The hedged item is limited to portion referring to interest rate risk. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor and the fixed-rate leg equalizes the swap market rate with maturity equal to the security maturity.

Hedging of Securities recognized as Assets (inflation-linked)

The hedged item is limited to the portion referring to fixed-rate plus the principal periodic revaluation based on inflation. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor with spread adjustments and the fixed-rate leg equalizes the security rate.

Hedging of the fixed-rate part of Retail Current Accounts recognized as Liabilities

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalized the rate of a "fictitious" bond-equivalent designed to identify the hedged item resulting from the modelling of a balance-sheet item (a set of current accounts) that, in contractual terms only, would not allow to separate the characteristics required for the hedging, and the variable-rate leg is determined as 3Euribor. The value of the hedged rate and the duration of this bond-equivalent are determined with a modelling process that is specific to the Retail channel and is reviewed on a yearly basis and validated by the relevant structures of the Bank. Through a statistical analysis, the model breaks down a set of current accounts featuring the same behavioural aspects and product type (Retail current accounts under liabilities), into its different financial parts: stable part by volume (fixed-rate or variable-rate), and fluctuating part. The hedged part is the stable fixed-rate one.

Hedging of the CAP option on mortgage loans (variable rate):

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage; Every IRO is specifically traded in order to hedge portfolios of mortgage loans having the same financial characteristics (strike, market parameter, payment schedule, ...). In this way, the Bank achieves its objective of having essential specularity between the characteristics of the implied Cap rates of the mortgage loans and those of the IRO hedging them.

Hedging of fixed-rate mortgage loans

The hedged item is limited to the portion referring to interest rate risk only and is an aggregate of mortgage loans having the appropriate financial features (set based on the approach accepted for this specific hedge. Once having defined the financial characteristics of the item to be hedged for interest rate risk, it is hedge "at par", i.e. with the swap market rate on the IRS fixed-rate leg, equal to the meta mortgage loan maturity,which, on the trade date, equalizes the value of 3Euribor applied to the variable-rate leg.

QUANTITATIVE DISCLOSURES

A. Financial derivatives held for hedging

A.1 FINANCIAL DERIVATIVES HELD FOR HEDGING: CLOSING NOTIONAL VALUES

Type of derivatives	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**36,497,016**	**-**	**-**	**-**	**42,328,887**	**-**	**-**
a) Options	-	2,604,101	-	-	-	2,699,795	-	-
b) Swaps	-	33,892,915	-	-	-	39,629,092	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**36,497,016**	**-**	**-**	**-**	**42,328,887**	**-**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE – BREAKDOWN BY PRODUCT

Type of derivatives	Positive and negative fair value								Change in value used to survey hedge effectiveness	
	Total 31 Dec. 2023				Total 31 Dec. 2022					
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets	Total 31 Dec. 2023	Total 31 Dec. 2022
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements			
1. Positive fair value										
a) Options	-	255,770	-	-	-	364,802	-	-	255,770	364,802
b) Interest rate swap	-	607,877	-	-	-	953,844	-	-	607,877	953,844
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**863,647**	**-**	**-**	**-**	**1,318,646**	**-**	**-**	**863,647**	**1,318,646**
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	2,139,540	-	-	-	3,815,534	-	-	2,139,540	3,815,534
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**2,139,540**	**-**	**-**	**-**	**3,815,534**	**-**	**-**	**2,139,540**	**3,815,534**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Others
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	36,497,016	-	-
- gross positive fair value	-	863,647	-	-
- gross negative fair value	-	2,139,540	-	-
2) Equity securities and equity indices				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
4) Commodities				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING LIFE OF OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES

Underlying asset/remaining life	up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	5,330,705	13,261,184	17,905,127	36,497,016
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3 Financial Derivatives on exchange rates and gold	-	-	-	-
A.4 Financial Derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2023	**5,330,705**	**13,261,184**	**17,905,127**	**36,497,016**
Total 31 Dec. 2022	**7,746,477**	**17,680,181**	**16,902,229**	**42,328,887**

D. Hedged items

D.1 FAIR VALUE HEDGES

	Micro-hedges: book value	Micro-hedges – net positions: book value of assets and liabilities (before netting)	Micro-hedges			Macro-hedges: book value
			Cumulative amount of changes In the fair value of the hedged item	Termination of hedging:: cumulative amount of residual fair value changes	Change in value used to survey hedge effectiveness	
A. Assets						
1. Financial assets measured at fair value through other comprehensive income - hedging of:						
1.1 Debt securities and interest rates	1,532,253	-	97,941	20,372	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortized cost – hedging of:						
2.1 Debt securities and interest rates	3,893,630	-	47,345	137,552	-	X
2.2 Equity securities and equity indexes	-	-	-	-	-	X
2.3 Foreign exchange and gold	-	-	-	-	-	X
2.4 Loans	12,725	-	-541	-	-	X
2.5 Other	-	-	-	-	-	X
Total 31 Dec. 2023	**5,438,608**	**-**	**144,745**	**157,924**	**-**	**-**
Total 31 Dec. 2022	**13,210,631**	**-**	**-518,392**	**6,565**	**-**	**-**
B. Liabilities						
1. Financial liabilities measured at amortized cost- hedging of:						
1.1 Debt securities and interest rates	8,931,232	-	-1,013,982	-9,078	-	X
1.2 Foreign exchange and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31 Dec. 2023	**8,931,232**	**-**	**-1,013,982**	**-9,078**	**-**	**-**
Total 31 Dec. 2022	**7,754,910**	**-**	**-1,494,249**	**947**	**-**	**-**

3.3 OTHER INFORMATION ON DERIVATIVE INSTRUMENTS HELD FOR TRADING AND FOR HEDGING

A.1 OTC FINANCIAL AND CREDIT DERIVATIVES: NET FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Others
A. Financial Derivatives				
1) Debt securities and interest rates				
- notional value	-	42,398,438	282,910	5,603,900
- positive fair value	-	1,018,033	3,957	24,367
- negative fair value	-	2,169,485	4,890	148,104
2) Equity securities and equity indices				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	781,653	-	776,787
- positive fair value	-	8,767	-	6,923
- negative fair value	-	6,830	-	8,472
4) Commodities				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchase and protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sale and protection				
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

1.4 LIQUIDITY RISK

QUALITATIVE AND QUANTITATIVE DISCLOSURES

A. General aspects, management and measurement of liquidity risk

General and organisational aspects

Liquidity risk reflects the possibility that the Group may not be able to meet its payment commitments, both expected and unexpected, without prejudicing its daily operations or its financial position. This risk is managed based on the following components:

- Management of short-term liquidity: its objective is to ensure the balance between incoming and outgoing liquidity flows, in the perspective of continuously supporting normal banking operations;
- Management of structural liquidity: its objective is to maintain the balance between total liabilities and medium-/long-term assets.

The liquidity risk management model, approved by Crédit Agricole Italia Board of Directors, is based on the principle of separation of liquidity management and measurement processes from control processes, in compliance with the regulatory requirements and with the guidelines issued by Crédit Agricole S.A.

The model provides for the governance and management of liquidity risk to be centrally performed by the Parent Company Crédit Agricole Italia, which is also responsible for the funding process of all the entities of the Group. This framework is defined as the "Liquidity System".

The model lays down the responsibilities of the Corporate Bodies and Functions Holders involved, specifically:

- The Board of Directors, the body in charge of strategic oversight, is responsible for defining governance policies, the organizational structure and management processes. Specifically, it approves measurement methods, risk tolerance thresholds and the limits system, the assumptions at the basis of stress tests and the Contingency Funding Plan (CFP or *Plan d'Urgence*);
- The CFO, through the Finance Department, is the role responsible for management and, specifically, for the preparation of the reporting to the Bank of Italy, as well as of internal reporting on the Group's liquidity situation (Liquidity Report). The Finance Department operates in compliance with the directions set by the ALM Committee, the Risk and Internal Control Committee, the RAF and the Risk Strategy;
- The Risk Management and Permanent Controls Department is responsible for the permanent controls framework, verifies compliance with global and operational limits, as well as with alert thresholds, prepares the reporting to corporate Bodies and triggers, where required, the alert procedures. Jointly with the Finance Department, it is also responsible for monitoring the ratios and indicators provided for in the Contingency Funding Plan.

The process for the management of liquidity risk is governed by the relevant risk policy.

Risk management and control: methodological aspects

The model adopted for liquidity risk management is based on the monitoring of the short-term component (up to 12 months) and the medium/long-term one.

The main objective of the short-term liquidity management process is to ensure that the Group is able to satisfy on-balance-sheet payment commitments, expected and unexpected, in such a way as not to prejudice normal business.

A key condition for achieving this objective is to constantly maintain sufficient balance between incoming and outgoing liquidity flows.

The Group's liquidity risk monitoring system considers the following factors:

- Keeping immediate liquidity, i.e. the net balance of customer sources, surplus own funds and loans to customers. This is carried out by recognizing cash inflows and outflows expected in the various ranges of residual maturity making up the "*maturity ladder*";
- The continuation of the business activity at a planned pace (monitoring the performance of liquidity used in loans to customers/from customer sources).

An essential aspect of liquidity management is the definition of an interbank short-term refinancing limit (LCT - *Limite Court Terme*), which is fine-tuned in accordance with the guidelines given by the Parent Company Crédit Agricole S.A., aimed at limiting short-term funding on the market over a one-year time horizon in a market featuring stress conditions. Furthermore, in order to strengthen the Group's liquidity management, effective as of March 2023 the Parent Company as set an alert threshold on the *Deficit Crédit Collecte* (DCC) indicator, which ensures appropriate coverage of loans to customers through funding from customers.

Short-term liquidity risk management and oversight policies aim at ensuring the surmounting of any crisis that leads to serious reduction in the Group's normal financing sources; in this regard, three stress scenarios have been identified:

- Systemic crisis: a situation that leads to partial closure of the short-term and medium-/long-term refinancing market, with continuing business operations. The Group must be able to continue operations for a time horizon of one year;
- Idiosyncratic crisis: a situation that leads to a bank run, partial closure of the short-term market and total closure of the medium-/long-term market with continuing business operations. In this scenario, the Group must be able to continue operations for a time horizon of three months;
- Global crisis: a situation having the combined features of both a systemic crisis and an idiosyncratic crisis, in terms of substantial bank run, total closure of the markets, use of reserves even though with write-downs. The Group must be able to continue business operations in a serious crisis for a time horizon of one month.

Within Short-Term Liquidity Risk monitoring, on a daily basis the Crédit Agricole Italia Banking Group calculates its Liquidity Coverage Ratio (LCR= Stock of high quality liquid assets/Total net cash outflows in the subsequent 30 calendar days). The LCR is a 30-day horizon ratio that simulates the combination of a systemic crises and an idiosyncratic one and measures the ability of the stock of liquid assets to ensure coverage of expected net cash outflows in the subsequent 30 calendar days.

As at 31 December 2023, the Liquidity Coverage Ratio (LCR) of the Crédit Agricole Italia Banking Group was 245%, once again firmly above the set compliance requirements.

Medium-/long-term liquidity management entails the identification of alert thresholds and limits by determining the *Position en Resources Stables (Stable Resources Position, PRS*[28]) and Concentration des* échéances *MLT* (concentration limit to MLT maturities) indicators. They aim at ensuring the Group's financial balance between stable resources (medium-/long-term market resources, funding from Customers, own funds) and long-term uses (non-current assets, loans to Customers, medium/long-term market uses and liquidity buffers), as well as at limiting concentration of maturities within medium-/long-term funding. Positive levels of the Stable Resources Position (PRS) substantiate the Group's ability to support its assets during a crisis and, by monitoring the medium-/long-term due register, a balance can be kept between the maturities of resources and long-term uses.

The liquidity ratios, except for the NSFR, are calculated on a monthly basis. These ratios and indicators have the purpose of monitoring compliance with the Group's risk appetite and are benchmarked against specific global limits laid down by Crédit Agricole S.A. and approved by the Group Risk Committee, upon presentation of the Risk Strategy and then submitted to the Board of Directors of the Parent Company Crédit Agricole Italia for its approval.

Within its medium/long-term Liquidity Risk monitoring, the Crédit Agricole Italia Banking Group calculated its Net Stable Funding Ratio (NSFR) on a quarterly basis. The ratio, which shall be higher than100%, has the Available Stable Funding (ASF) figure as the numerator and the Required Stable Funding (RSF) figure as the denominator.

As at 31 December 2023, the Liquidity Coverage Ratio (NSFR) of the Crédit Agricole Italia Banking Group was 136%, once again firmly above the set compliance requirements.

The Bank also monitors its intraday liquidity risk through a set of specific indicators that were developed in coordination with its Parent Company and are calculated on a weekly basis.

28 Net of TLTROIII loans and of the HQLA securities pledged as collateral.

The limit structure is completed by other management and alert indicators provided for in the Contingency Funding Plan. Diversification of the Group's refinancing sources through Covered Bonds placed in the market continued in 2023. In this regard, the Group made two issues of Covered Bonds on the market for a total amount of 1,400 million Euros, of which 1,000 million Euros in 7-year CB issued in June 2023 and 400 million Euros in 5-year CB issued in October 2023 and fully subscribed by the European Investment Bank (EIB). With these transactions, the Group aims at improving its liquidity profile diversifying financing sources and stabilizing them on longer maturities.

Furthermore, within the ECB Targeted Longer-Term Refinancing Operations,(TLTRO) programme, between December 2019 and March 2021, Crédit Agricole Italia participated in the ECB TLTRO III. In the reporting period, an amount of Euro 6,000 million was repaid and, as at 31 December 2023, the remaining outstanding amount was of Euro 3,500 million maturing in March 2024.

Lastly, in marketing the products of the Group, the internal transfer rate system takes account of the cost of liquidity. Based on the products' financial features and on the prevailing market conditions, the system allows the internal return rate to be determined, which, in turn, is the basis for the pricing of lending and direct funding products. Specifically, following the change in the interest rate scenario occurred in the year, the Bank resumed the placement of senior bonds with Customers.

Risk control

The Risk Management and Permanent Controls Department is responsible for verifying compliance with the set limits; therefore it prepares its own Financial Risk Report on a monthly basis and sends it to relevant corporate bodies, informing them of the control outcomes and of any breaches of the limits or alert thresholds and, in case any limits or thresholds are breached, it asks the Finance Department for a recovery plan. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to Crédit Agricole Italia Boards of Directors. Lastly, in case any limits are breached, the Risk Management and Permanent Controls Department shall inform, through the Alert Procedure in force, the relevant Top Bodies of the Group and the relevant structures of Crédit Agricole SA., depending on the type of breach detected. Jointly with the Finance Department, the Risk Management and Permanent Controls Department is also responsible for monitoring the ratios/indicators provided for in the Contingency Funding Plan (CFP).

The CFP of the Crédit Agricole Italia Banking Group is approved by the Board of Directors of the Parent Company Crédit Agricole Italia and applies to all the legal entities within the liquidity risk monitoring perimeter.

DISCLOSURE

The document "Disclosure" (Basel III Third Pillar) referring to 31 December 2023 is published on the Group's website https://gruppo.credit-agricole.it/bilanci-Italia.

It is pointed out that the Crédit Agricole Italia Banking Group is controlled by a parent company based in the EU and, therefore, the conditions laid down in Part One, Title II, Chapter 2, Article 13, Paragraph 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) as amended (CRR 2 - Regulation (EU) 2019/876 on "Application of disclosure requirements on a consolidated basis" are met.

QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets and liabilities by residual contract maturity

Euro

Items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets										
A.1 Government securities	502	-	7,608	823,580	655,541	154,860	652,934	4,426,008	1,699,503	-
A.2 Other debt securities	35	172	19	7,539	172	1,220	20,164	25,709	755,893	147
A.3 Units of collective investment undertakings	145,865	-	-	-	-	-	-	-	-	-
A.4 Loans	14,299,866	330,240	328,010	815,321	2,427,084	3,168,967	6,875,332	21,428,616	27,645,576	628,994
- banks	11,044,646	2,067	3,065	2,428	58,345	97,719	389,407	150,652	-	628,994
- customers	3,255,220	328,173	324,945	812,893	2,368,739	3,071,248	6,485,925	21,277,964	27,645,576	-
On-balance-sheet liabilities										
B.1 Deposits and current accounts	59,199,568	303,345	4,252	5,836	13,910	231,898	767,492	41,003	-	-
- banks	29,082	-	-	-	-	-	-	40,842	-	-
- customers	59,170,486	303,345	4,252	5,836	13,910	231,898	767,492	161	-	-
B.2 Debt securities	230,562	15,965	89,327	118,163	430,619	939,168	2,381,369	5,913,449	5,775,000	-
B.3 Other liabilities	445,422	383	1,699	4,015	3,529,077	54,635	120,442	1,077,582	749,437	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	58,622	33,296	86,377	134,790	156,624	143,055	44,276	-	-
- short positions	-	54,190	33,316	86,404	134,857	156,702	143,188	44,334	-	-
C.2 Financial derivatives without exchange of capital										
- long positions	199,902	1,415	22,249	31,442	60,176	91,395	287,954	610,000	201,006	-
- short positions	200,007	86	8,307	23,706	181,400	273,747	465,816	610,000	201,006	-
C.3 Deposits and loans to be received										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Other currencies

Items/Timeframe	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets										
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	99,784	246,345	12,685	26,865	33,129	6,996	2,885	18,670	3,583	-
- banks	78,407	243,326	-	-	4,679	-	1,055	-	-	-
- customers	21,377	3,019	12,685	26,865	28,450	6,996	1,830	18,670	3,583	-
On-balance-sheet liabilities										
B.1 Deposits and current accounts	383,574	10,086	14,994	20,961	17,426	5,854	2,234	-	-	-
- banks	10,181	10,086	14,012	20,961	14,668	4,270	-	-	-	-
- customers	373,393	-	982	-	2,758	1,584	2,234	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	947	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	53,795	32,646	85,135	133,232	155,809	141,344	43,401	-	-
- short positions	-	58,227	32,646	85,135	133,233	155,809	141,344	43,401	-	-
C.2 Financial derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	125	-	-	-	-	-	-	-	-	-
- short positions	120	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	1,533	-	-	-	-	-	-	-	-
- short positions	-	176	-	-	-	1,357	-	-	-	-
C.4 Commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	145	695	75	-	-	-	-
- short positions	-	914	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

1.5 OPERATIONAL RISKS

A. General aspects, management and measurement of operational risk

QUALITATIVE DISCLOSURES

The Crédit Agricole Italia Banking Group has adopted the definition of operational risk given in "Basel 2 – International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risks, the Group has set clear objectives:
- To achieve full compliance with the requirements set by the Supervisory regulations for internal control systems (15th update of Bank of Italy's Circular No. 285/2013 as updated);
- To maintain constant full compliance of Crédit Agricole Italia with the regulatory requirements for the use of the Traditional Standardised Approach (TSA) and full compliance of the other banking entities of the Group with the requirements for the use of the Basic indicator approach (BIA) to calculate their regulatory capital;
- To constantly improve the monitoring of risks and losses, in order to allow a management- oriented approach, especially in terms of risk mitigation and prevention initiatives, as well as risk culture dissemination;
- Fine-tuning of the permanent controls systems and extension of the coverage of said controls within the company perimeter.

Macro-organisational aspects

Governance of the Group operational risks is the responsibility of the Risk Management and Permanent Controls Department of Crédit Agricole Italia, which implements the guidelines issued by the Risk Management Department of the Controlling Company Crédit Agricole S.A., and reports on a solid line to the latter.

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

In compliance with the supervisory regulations, the Group has formalized the roles and responsibilities of the corporate bodies and structures involved in the management of operational risks.

The governance model provides for:
- A centralized strategy for the control of operational risks;
- Close connections with the activities for permanent controls;
- Synergies with the Compliance Department and with the Internal Audit Department.

Risk management

The Group has adopted a model that is consistent with the guidelines issued by Crédit Agricole and governed by the central department, which works with the well-established and complementary contributions, in its operating, management and mitigation activities, of specialized roles, departments and mechanisms:
- Operational Risk Manager (ORM or with the Italian acronym: MRO);
- Control on Outsourced Important Operational Functions/Provision of Outsourced Essential Services (Italian acronyms FOIE/PSEE) and on Physical Security;
- MRSI (Manager des Risques SI), in charge of monitoring and control of IT risks on the Information System, on the Business Continuity Plan (BCP or with the Italian acronym PCO) and on physical security;
- CISO (Chief Information Security Officer), who is responsible for the security of corporate information;
- Information Security Manager (ISM): who is responsible for the implementation and management of the Information System operational security;
- Business Continuity Manager (BCM), who is responsible for the Group's Business Continuity Plan;

- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Structures, systems and tools, instrumental for proper risk control and for the management of mitigation/improvement actions, including:
  - The Risk and Internal Control Committee;
  - The BCP (Business Continuity Plan) Interfunctional Unit;
  - The IT Security and Business Continuity Supervisory Committee;
  - The system of permanent controls for the Commercial Network, together with early warning indicators;
  - Work Groups for Improvement.

The upgrading of the process for the management and control of operational risks to the guidelines issued by Crédit Agricole S.A. has been intended for the harmonization with the general methods used throughout the Group and consists of the macro-phases listed below:
- Detection, identification and classification of risks and losses and their recognition in the accounts where necessary;
- Assessment and measurement of the risk profile for every corporate environment;
- Identification of mitigation actions and preparation of the action plan;
- Verification of the adequacy of the control plan and increase in control points;
- Verification of actual implementation of controls;
- Verification of correct exercise of mitigation actions;
- information and reporting.

In the above phases, the following processes are also applied:
- Loss data collection (recording, classification and processing of loss data);
- Risk self-assessment ((self-assessment of the exposure to operational risks relating to the specific structures engaged in operating functions and the relevant processes);
- Direct involvement of corporate structures in collective assessment work groups (Improvement, ...).

Each one of these processes entails information processing based on methods that are predefined, repeatable and formalized in the Company's normative instruments, as well as with the support of specific application tools.

Risk mitigation

The Group has implemented a policy for operational risk mitigation through:
- Specific self-assessment activities with three-year planning and assessment on a yearly basis (Risk Self-Assessment") aimed at designing an annual Action Plan containing all the initiatives that the owners of the various corporate processes have identified as required in order to mitigate the detected operational risks operational risks; the Action Plan is then submitted to the Board of Directors for approval;
- Implementation of the permanent controls plan, both within the Distribution Network and at Central Departments, in order to have the most critical processes fully under control;
- A fraud prevention system governed by the Compliance Department;
- Implementation of the framework for controlling and monitoring outsourced critical and important functions (CIF);
- Implementation of the framework for controlling and monitoring:
  - Physical security;
  - Business Continuity (BCP);
- Implementation of the function for control and monitoring of Information and Communication Technology (ICT) Risk.

Transfer of risk

The insurance strategy implemented by the Group provides – through specific policies – for the risk to be transferred to specific companies in case of material and exceptional events. The risks generated by recurring events in day-to-day operations and entailing medium-low amounts (known as expected losses) are covered by specific control and process activities. It follows that the insurance policies in force cover events that are not frequent but that could have severe consequences, consistently with the insurance approach of the CA.sa Group.

Where the outcomes of specific assessments prove it appropriate, the Governance structures shall:
- Transfer insurable risks underwriting specific insurance policies, in order to mitigate the impact of any unexpected losses and in accordance with the best practices in the System;
- Coordinate with CA S.A., in order to ensure full consistency between the transfer strategy and the Group objectives;
- Exercise control on and provide support to the various corporate structures in outsourcing management, with specific focus on the outsourcing of Critical and Important Functions (CIF);
- Perform controls and specific analyses on the insurance policies underwritten by the Providers of Outsourced Important Operational Functions (FEI), in order to assess their adequacy to the risks associated with the outsourced essential services.

Risk management oversight and shared solutions

This is the specific task of the Group Risk and Internal Control Committee, composed of the main Corporate Function holders, which is responsible for:
- Approving guidelines and action plans on Operational Risks;
- Acknowledging the Loss Data Collection (LDC) outcomes;
- Monitoring control activities and outcomes, as well as periodically validating the mapping of operational risks;
- Governing Business Continuity for the Crédit Agricole Italia Banking Group;
- Monitoring and, if necessary, taking action on Information and Communication Technology (ICT) Risk for the Crédit Agricole Italia Banking Group, assessing the situation based on the periodic reporting made by the MRSI (*Manager des Risques SI*) and by the CISO (Chief Information Security Officer);
- Assessing the risk analyses of the essential services, that is to say CRITICAL OR Important Functions (CIF or with the Italian acronym FEII) for the Crédit Agricole Italia Banking Group.

Loss data

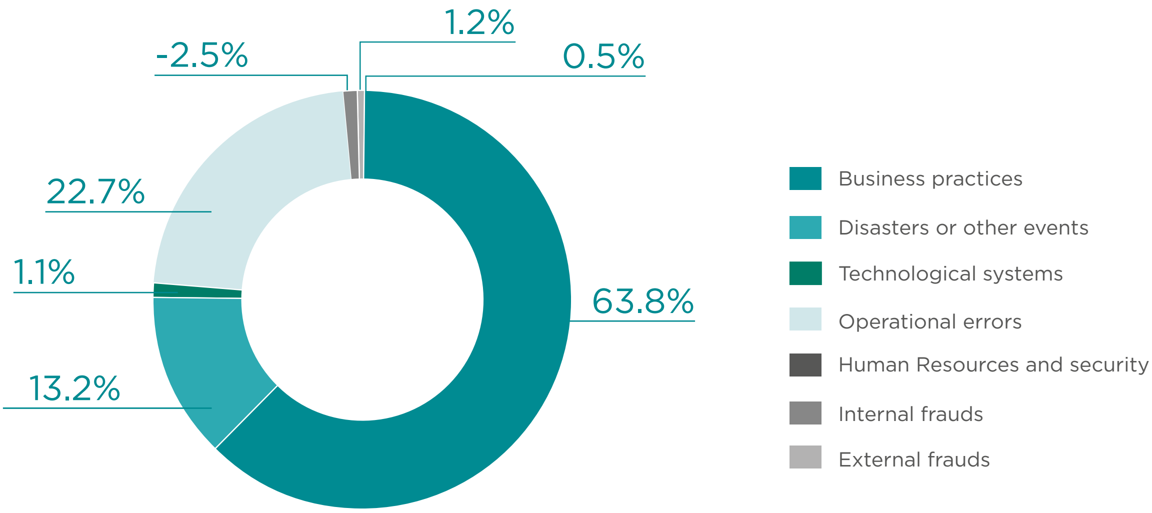
Operational losses, which the model considers as quantitative data, are collected, managed and analyzed, to different levels of granularity and detail, using an event classification scheme complying with the one set by the Basel II Framework, by the Supervisory Authority and by Crédit Agricole S.A. The basic structure is given below:
- Internal frauds: events due to deliberate acts committed by at least one party internal to the Bank and causing losses to the Bank;
- External frauds: events due to deliberate acts committed exclusively by parties that cannot be defined as internal to the Bank, generally for the purpose of personal gain;
- Relations with staff and workplace safety: events relating to the relations between the company and its staff or to the failure of the workplace to meet health and safety standards. These include liabilities arising from accidents to employees in company offices or vehicles;
- Business practices: events linked to the supply of products and provision of services to Customers carried out in an improper or negligent manner (fiduciary requirements and adequate information on investments), as well as defects in the nature or features of products/models/contracts. These include liabilities arising from breach of public security laws or other legislation not specific to the banking sector;
- Disasters or other events: events due to natural causes or human actions, which lead to damage to company resources (tangible or intangible property, persons, etc.) and/or service interruptions or other events (including improper conduct/illegal acts by third-party companies that damage the company). The category also includes liabilities arising from political changes and retroactive changes in legislation and taxation;
- Technological systems and services: losses arising from the malfunctions, logical or structural defects in technological and other support systems.

Execution, delivery and management of processes: events arising from unintentional errors in the management of operational and support assets or caused by counterparties other than Customers and Vendors.

For Loss Data Collection and for reporting consolidated loss data, the Crédit Agricole Italia Banking Group has adopted an IT application especially designed for the adoption of advanced approaches, as well as specific tools and models developed directly by Crédit Agricole S.A.

QUANTITATIVE DISCLOSURES

With reference to sources of operational risk, the breakdown of the Crédit Agricole Italia Banking Group's net losses (gross losses net of other collection excluding insurance-related ones) by event type recognized in 2023 is given below. Any "boundary losses" have been excluded.



Information and Communication Technology (ICT) Risk

In the Internal Policy documents, in compliance with the regulatory provisions issued by the Bank of Italy (Circular 285/13 as updated), Information and Communication Technology Risk (hereinafter referred to also as "ICT Risk") is defined as the "risk of suffering losses, in terms of income, reputation and market shares, associated with the use of Information and Communication Technology (ICT) [...]. In the integrated statement of corporate risks for prudential purposes (ICAAP), this type of risk is included, in accordance with specific aspects, among operational, reputational and strategic risks".

The Governance of security management and of ICT risk management is based on the following criteria:

- Formalization of the roles and responsibilities in the ICT security scope;
- Implementation of the principle of separation of duties, in order to appropriately allocate responsibilities;
- Assessment of the ICT risk analysis carried out on a regular basis or in case of significant changes. In accordance with the risk level, the security measures for its mitigation are identified. The risk analysis is carried out also in case of new initiatives or projects that may entail impacts on the Bank's information system.

To analyze and assess ICT risks on its IT resources, the Crédit Agricole Italia Banking Group implements and develops the key concepts of the Risk Analysis Methodology of the Parent Company Crédit Agricole S.A., supplementing it, to achieve an overall representation of its risk position, through:

- The definition of the risk taxonomy of the information system (ICT Governance and strategy, ICT availability and continuity risk, ICT security risk, ICT change risk, ICT data integrity risk, ICT outsourcing risk);
- A Risk Self-Assessment exercise on the processes impacted by ICT risk;
- The collection and analysis of IT incidents and of the related operational losses;
- Continuous application of the overall framework of permanent controls;
- The preparation of continuous reporting flows to the Top Management and the BoD on the main processes/events concerning the Information System and Information System Security, with specific reference to incident and vulnerability management.

In 2023 the Group evolved its organization, setting up a new organizational structure that is part of the Risk Management and Permanent Controls Department and that is in charge of monitoring ICT risks and outsourcing risk. The new structure is the holder of the ICT monitoring function (Information System and Information Security System) to which the Information System is exposed (MRSI).

The other roles and structures involved in ICT Risk Governance are:

- The Chief Operating Officer (COO) of the Crédit Agricole Italia Group, who is also the General Manager of Crédit Agricole Group Solutions;
- The Chief Information Security Officer (CISO), who belongs to the COO structure: he or she ensures the security of the Group's information system, assessing the risks and threats it is exposed to (Mesari Risk Analysis), contributing to the design of the action plans and risk mitigation plans, as well as the technical solutions to be implemented;
- The Head of the Security Division of Crédit Agricole Group Solutions, who has the role of ICT Security Manager in the information security system scope: he or she ensures proper implementation and operational management of the security of the Group's information system, overseeing compliance with the relevant policies, rules and standards;
- The Head of the Information Systems Department of Crédit Agricole Group Solutions (Chief Information Officer or CIO) in the information system scope (other non-security risks): he or she is responsible for the governance of the Group's Information System and the processes related thereto, carrying out also first-level controls on ICT risk, overseeing any corrective actions.

In 2023 the Risk Management and Permanent Controls Department further supplemented controls and risk measurement indicators, focusing its control activities specifically on ICT security matters and on project development. In the reporting year, besides firmly establishing the important migration projects carried out in 2022, specific activities were carried out on regulatory matters and developments, such as the completion of the necessary activities for full alignment to the 40th update of the Bank of Italy Circular 285, as well as the start of the first analysis in order to implement the DORA Regulation concerning digital operational resilience for the financial sector, which entered into force on 16 January 2023 and will be fully applicable as of 17 January 2025.

In 2023 the initiatives continued to evolve and strengthen the Information System, which led to a better stance and strengthening of ICT Security operational controls within the Group. Some ICT security aspects worth mentioning are:

- **Network and Information System security:** the Group has adopted measures to prevent and identify IT and software viruses that may be harmful (e.g: malware) also with the help of advanced antivirus (EDR) and security solutions to protect the network from external attacks (e.g: Firewall, IDS and IPS);
- **Incident monitoring and management:** the Group has a SIEM solution in place (a system for the management of security information and events) and a SOC (Security Operation Center) that operates 24/7. Furthermore, the Crédit Agricole Italia Banking Group interacts with the Crédit Agricole Group for the threat intelligence (CERT) system and with CertFin (CERT Finanziario Italiano) in order to identify any threats that may materially impact the Company's ability to provide its services;
- **Internal training:** The Group makes available and frequently updates training programmes on ICT security and makes them accessible on the Intranet to all employees and vendors that access the Group's Information System. Actual attendance of the training programmes is verified with specific controls by the structures in charge and the attendance level is included in the specific reporting to the Top Management;
- **Awareness:** regular activities are carried out to raise Customers' *awareness* on Phishing through notification and reminders in the touchpoint applications (APP and Home Banking);
- **Security testing and vulnerability management:** the Group adopts various measures and controls in identifying vulnerabilities on its information systems. At an infrastructural level, *Vulnerability Assessment* scans are carried out on a monthly basis, whereas, at least once a year, *Penetration* Tests are carried out on the exposed applications on the Internet;
- **Business Continuity and Availability:** the Group has defined and implemented policies and procedures to manage Business Continuity and protection systems to safeguard corporate data; business continuity tests are regularly conducted, also with simulations concerning the management of specific crisis scenarios. Controls and solutions have been adopted to prevent any leaks of sensitive data outside the Group perimeter, namely Data Loss Prevention solutions;
- **Internal audits:** the third line of defence is the ICT Audit Service, which, within the risk-based audit plan, carries out specific audits on a yearly basis in the ICT Security scope.

Business Continuity Plan ("BCP")

In 2023, the Group continued to update and verify its Business Continuity Plan to take account of the changes in the scenario and in the Group's organisational, technology and software infrastructure.

In 2023, the main activities were:

- Periodic testing and certification exercises on the solutions for information system recovery and on critical processes in the business continuity scope, including that of critical providers;
- Revision of the methods to carry out IMPT tests (workstations) and ILSI (logical unavailability of the IS) and successful exercise of the IPSI/DR (site loss) test on the new departmental datacenter;
- Adequacy assessment and analysis of business continuity plans and of the relevant tests of providers of Outsourced Critical and Important Functions (CIF), continuing also with the activity on NON-CIF vendors involved in critical processes;
- Testing the Crisis Management Organizational Model (Italian acronym MOGC), by compromising some employee workstations;
- The updating the Business Impact Analysis (“BIA”) on the corporate processes in the business continuity scope;
- The updating of contingency Operational Plans (back-up solutions to be triggered in case of crisis);
- A study was completed to analyze new extended and/or combined crisis scenarios (persistent blackout scenario);
- Updating of the controls plan in accordance with CAsa’s guidelines.

In 2024, BC activities will be revised within the developments in the DORA scope.

Critical or Important Functions (CIF or FEI, called PSEE – Provisions of Outsourced Essential Services - by Crédit Agricole S.A.)

The controls on Outsourced Critical and Important Functions/Provision of Outsourced Essential Services are the responsibility of the Risk Management and Permanent Controls Department and, in 2023, they were assigned to the specific organizational structure part of that Department, thus ensuring more effective focus of the activities. That structure governs the system of controls on compliance with the process to outsource critical functions and has specific duties concerning the definition of the risk monitoring controls. This structure has a role of management and methodological support, especially as regards the assessment of risks associated with outsourcing arrangements.

Having regard to Internal Normative Instruments, in 2023 the outsourcing management organizational model was fully implemented through full revision of the internal policies and regulations.

In FY 2023, the most material initiatives of the Risk Department continued in line with the previous FYs, thus ensuring:

- Strong support to the corporate structures in the phases of outsourcing management, aimed both at proper implementation of the process and at wider dissemination of an outsourcing culture and the analysis of the associated risks;
- The review and upgrading – by the Unit responsible for control on outsourced critical and important functions – of the monitoring tools it uses to perform its tasks;
- The review and update of the tools used to assess risks associated with outsourcing;
- Monitoring of the process for the preparation of the Register of Outsourcing Arrangements as a tool for the governance and management of information concerning all outsourcing arrangements in force, with different level of detail for critical and important functions;
- Monitoring of the project aimed at ensuring compliance with the outsourcing arrangements and with the new rules and expectations introduced by Circular 285/13 transposing the EBA new guidelines;
- General monitoring on and actions to increase the awareness of the outsourced service owners as regards their responsibilities. In this scope, the monitoring and control systems were constantly updated, also based on the instructions given by the Parent Company CAsa.

Overall, the oversight and control activities showed an outsourcing management framework in line with expectations.

PART F - INFORMATION ON CONSOLIDATED EQUITY

Section 1 – Consolidated equity

A. QUALITATIVE DISCLOSURES

The own funds management policy implemented by the Crédit Agricole Italia Banking Group is aimed at maintaining an adequate level of resources in order to be able to cope at any time with the risks taken.

B. Quantitative disclosures

B.1 Consolidated book equity: breakdown by type of undertaking

The breakdown of consolidated equity as at 31 December 2023 is given below:

Equity items	Prudential consolidation	Insurance undertakings	Other companies	Eliminations and adjustments from consolidation	Total 31 Dec. 2023
1. Capital	1,119,897	-	2,643	-	1,122,540
2. Share premium reserve	3,496,998	-	1,281	-	3,498,279
3. Reserves	1,944,280	-	-797	-	1,943,483
3.5 Interim dividends	-	-	-	-	-
4. Equity instruments	815,000	-	-	-	815,000
5. (Treasury Shares)	-6	-	-	-	-6
6. Valuation reserves	-59,527	-	-	-	-59,527
- Equity securities designated at fair value through other comprehensive income	-16,453	-	-	-	-16,453
- Hedging of equity securities designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	1,659	-	-	-	1,659
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedging of investments in foreign operations	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Hedging instruments (non-designated elements)	-	-	-	-	-
- Foreign exchange differences	-	-	-	-	-
- Non-current assets held for sale and discontinued operations	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-	-	-	-
- Actuarial gains (losses) pertaining to defined-benefit pension plans	-44,726	-	-	-	-44,726
- Shares of valuation reserves on equity investments measured using the equity method	-7	-	-	-	-7
- Special revaluation laws	-	-	-	-	-
7. Profit (loss) for the period (+/-) - attributable to Parent and Minority Interests	709,990	-	-63	-	709,927
Total	**8,026,632**	**-**	**3,064**	**-**	**8,029,696**

Item “Financial assets (other than equity securities) measured at fair value through other comprehensive income” reports fair value changes in debt securities held (Euro 11,528 thousand) as well as the fair value changes in the ecobonus tax credit assets classified with the HTC&S business model (down by Euro -9.870 thousand).

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Values	Prudential consolidation		Insurance undertakings		Other companies		Eliminations and adjustments from consolidation		Total 31 Dec. 2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	12,876	1,348	-	-	-	-	-	-	12,876	1,348
2. Equity securities	2,315	18,768	-	-	-	-	-	-	2,315	18,768
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2023	**15,191**	**20,116**	**-**	**-**	**-**	**-**	**-**	**-**	**15,191**	**20,116**
Total 31 Dec. 2022	-	15,940	-	-	-	-	-	-	-	15,940

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balance	**-9,228**	**-6,712**	**-**
2. Increases	**26,514**	**655**	**-**
2.1 Fair value gains	17,957	313	-
2.2 Adjustments for credit risk	1,163	X	-
2.3 Reclassification to profit or loss of negative reserves from disposal	7,394	X	-
2.4 Transfers to other equity components (equity securities)	-	342	-
2.5 Other changes	-	-	-
3. Decreases	**5,758**	**10,396**	**-**
3.1 Fair value losses	662	10,362	-
3.2 Recoveries for credit risk	90	-	-
3.3 Reclassification to profit or loss of positive reserves from disposal	5,006	X	-
3.4 Transfers to other equity components (equity securities)	-	34	-
3.5. Other changes	-	-	-
4. Closing Balance	**11,528**	**-16,453**	**-**

B.4 Valuation reserves relating to defined-benefit plans: annual changes

	31.12.2023
1. Opening balance	**-39,000**
2. Increases	**2,090**
2.1 Actuarial gains	-
2.2. Other changes	2,090
3. Decreases	**7,816**
3.1 Actuarial losses	7,599
3.2. Other changes	217
4. Closing Balance	**-44,726**

Section 2 – Own Funds and supervisory requirements for Banks

Please, refer to the disclosure on own funds and capital adequacy contained in Sections 2 and 3 of the public disclosure ("Basel III Pillar 3"), on the website of the Crédit Agricole Italia Banking Group, https://gruppo.credit-agricole.it/, posted concomitantly with the publication of the Parent Company's Annual Report and Financial Statements.

PART G - BUSINESS COMBINATIONS

In 2023 no business combinations were made.

PART H - TRANSACTIONS WITH RELATED PARTIES

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

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

On 25 July 2018, the Board of Directors of Crédit Agricole Italia approved the adoption of the new "Regulation on transactions with Associated Persons", which was then adopted by the other Banks and Companies of the Banking Group, which formalized, in a single normative instrument, the procedures that the Banks and Companies of the Crédit Agricole Italia Banking Group had to apply to transactions with Associated Persons, in compliance with the regulations in force at the time issued by CONSOB and by the Bank of Italy. Afterwards, with resolution no. 21624 of 10 December 2020 CONSOB amended the Regulation on Transactions with Related Parties as issued with its previous resolution no. 17221 of 12 March 2010. As the amendments entered into force on 1 July 2021, the Crédit Agricole Italia Banking Group duly aligned its "Regulation on Transactions with Associated Persons" those amendments.

Furthermore, the document implements the amendments introduced with the 33rd update of 23 June 2020 to Bank of Italy Circular no, 285 "Supervisory Provisions for Banks - Risk assets and conflicts of interest with associated persons", whereby a new chapter, Chapter 11, was added to Part III, up to then contained in Circular no. 263/2006, aligning it to the new regulatory framework and, specifically, it excluded, under certain conditions, equity investments in insurance undertakings from the scope of application of prudential limits

Later on, with the 35th update to Circular no. 285 of 17 December 2013, which was published on the Italian Official Journal issue no. 165 of 15 July 2021, the Bank of Italy laid down the obligation for banks to comply – by 31 January2022 – with Article 88(1)(4) and (5) of Directive 2013/36/EU (CRD), as amended by Directive 2019/878/EU (CRD V), on loans to members of the management body and their related parties. Therefore, in January 2022, the Regulation was updated implementing the new Supervisory provisions.

As a consequence of the changed corporate structure of the Group resulting from the mergers of Credito Valtellinese S.p.A. and Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., it was appropriate to make yet another update to the Regulation on Transactions with Associated Persons.

Indeed, as the Banking Group perimeter no longer includes any entities whose shares are listed(publicly held to any material extent, the Bank has no longer the obligation to apply the provisions laid down in CONSOB Regulation no. 17221 on related parties.

Therefore, on 23 March 2023, the Board of Directors approved the aforementioned Regulation in its updated version.

Furthermore, the Board of Directors of the Parent Company approved the internal Policies governing controls on risk assets and conflicts of interest with the Group's Associated Persons. That document describes, as regards the operational characteristics and strategies of the Bank and of the Group, the business sectors and the types of business transactions, also not entailing the assumption of risk assets, from which conflicts of interest may arise, as well as the controls implemented in the organizational structure and in the internal controls system in order to ensure constant compliance with the prudential limits and decision-making procedures referred to in the aforementioned Regulation.

Besides identifying the related parties and the connected persons of the Crédit Agricole Italia Banking Group, the "Regulation on Transactions with Associated Persons" lays down, in compliance with the principles established by the applicable legislation on related parties, the proceedings and rules aimed at ensuring transparency and substantial and procedural fairness of transactions with related parties and connected persons carried out by Crédit Agricole Italia, directly or through any of its subsidiaries. The Regulation also defines the cases, criteria and circumstances in which, without prejudice to full compliance with all obligations and requirements, full or partial application of the Regulation may be excluded. It also lays down prudential limits to risk assets with associated persons, sets the procedures to process and approve transactions with related parties, defines specific rules with regard to transactions with related parties made by the companies belonging to the Group and lays down procedures and timeframes for the provision of reporting and appropriate documentation on the transactions (i) to independent directors/Related Party Committee, as well as, where necessary, (ii) to the control bodies.

With regard to controls, the required activities are carried out by the various relevant corporate roles and structures, in different capacities and in the different phases of the process, in order to ensure constant compliance with the prudential limits and resolution-making procedures as provided for by the applicable legislation, also pursuing the objective to appropriately prevent and manage potential conflicts of interests that may result from transactions with associated persons.

Perimeter of Related Parties

The International Accounting Standards and International Financial Reporting Standards govern disclosure on transactions with related parties in IAS 24, which was endorsed by the European Union with Regulation (EU) no. 1126/2008 as amended.

In accordance with the definition given in IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity"). Specifically:

a) A person or close member of that person's family is related to a reporting entity if that person:
   - (i) Has control or joint control over the reporting entity,
   - (ii) Has significant influence over the reporting entity; or
   - (iii) Is a member of the key management personnel of the reporting entity, i.e. the Bank and the supervised intermediary of the Banking Group, or of a parent of the reporting entity;

b) An entity is related to a reporting entity if any of the following conditions applies:
   - (i) The entity and the reporting entity are members of the Crédit Agricole Group;
   - (ii) The entity is an associate or joint venture of the Bank and/or of the supervised intermediary (or an associate or joint venture of a member of the Crédit Agricole Group);
   - (iii) Both entities are a joint venture of the same third party;
   - (iv) It is a joint venture of a third entity that is an associate of bank and of the supervised intermediary;
   - (v) It is a post-employment defined benefit plan for the benefit of employees of either the bank and/or supervised intermediary or of an entity that is related to them;
   - (vi) It is controlled or jointly controlled by a person identified in (a);
   - (vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture.

Close member of a person's family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:

a) a) that person's children and spouse or domestic partner;
b) (b) children of that person's spouse or domestic partner; and
c) (c) dependents of that person or that person's spouse or domestic partner.

Those persons are reported in column "Other related parties" of the table given in paragraph "Information on transactions with related parties".

Information on remuneration of managers vested with strategic responsibilities (aka key management personnel) and information on transactions with related parties is given below in compliance with Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005, issued by the Bank of Italy as updated, in accordance with IAS 24.

1. Information on remuneration of managers vested with strategic responsibilities

"Managers vested with strategic responsibilities" or "Key management personnel" includes individuals having direct and indirect power and responsibility over the planning, management and control of the operations of Crédit Agricole Italia, including Directors, both executive and non-executive, and the members of control bodies.

The remuneration of Directors and Auditors is established with specific resolutions passed by the General Meeting of Shareholders.

The table below reports the amounts of the man benefits awarded to Directors, Auditors and Managers tasked with strategic responsibilities.

	31 Dec. 2023
Short-term employee benefits	10,616
Benefits subsequent to severance from employment	217
Other long-term benefits	-
Employee severance benefits	-
Share-based payments	-

2. Information on transactions with related parties

These are transaction with associated persons (related parties and their connected persons), entailing the assumption of risk assets, transfer of resources, services or obligations, regardless of whether a price is paid, including mergers and demergers.

Main financial transactions with related parties

	Cash and cash equivalents	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost: loans to Customers	Financial assets measured at amortized cost: due from Banks	Financial liabilities measured at amortized cost: due to Customers	Financial liabilities measured at amortized cost: due to Banks	Guarantees given
Controlling Company	255,923	-	-	-	2,838	-	1,285,317	15,458
Entities exercising significant influence on the Company	-	-	-	-	-	25,309	-	-
Associates	-	-	-	3,693	-	9,244	-	1,618
Directors and Managers with strategic responsibilities	-	-	-	2,654	-	3,122	-	-
Other related parties	73,652	164,380	3,609	3,766,432	1,383,135	418,389	23,865	104,961
Total	**329,575**	**164,380**	**3,609**	**3,772,779**	**1,385,973**	**456,064**	**1,309,182**	**122,037**

Main income transactions with related parties

	Net interest income	Net fee and commission income	Personnel expenses
Controlling Company	-81,287	-2,411	-321
Entities exercising significant influence on the Company	-145	74	-
Associates	-104	97	-
Directors and Managers with strategic responsibilities	-8	263	-10,834
Other related parties	238,507	515,279	898
Total	**156,964**	**513,303**	**-10,257**

PART I - SHARE-BASED PAYMENTS

QUALITATIVE DISCLOSURES

The Group has no agreements in place for payments based on its shares.

The share capital increase by the Parent Company Crédit Agricole S.A., in favour of all Employees of the Crédit Agricole. Group was completed in August 2023 with the allotment of shares to Employees.

The Employees were given the opportunities to invest in shares of Crédit Agricole S.A. with a 20% discount vs. market value. These shares will be tied for the following five years (until 31 May 2028), at the end of which time each employee may freely dispose of them.

In 2023, this financial transaction entailed a cost equal to the discount applied to the shares subscribed, which had – as a balancing item in accordance with IFRSs – an identical increase in equity through a specific reserve.

Having regard to multi-year incentive systems, their countervalue has an increase in liabilities as its balancing item.

QUANTITATIVE DISCLOSURE

The specific reserve recognized in equity as the balancing item of personnel expenses and equal to the discount applied to the shares in Crédit Agricole S.A. subscribed by Crédit Agricole Italia employees, as reported in the previous paragraph, amounts to Euro 378 thousand.

PART L - SEGMENT REPORTING

OPERATIONS AND PROFITABILITY BY BUSINESS SEGMENT

In compliance with IFRS 8 "Operating Segments", the figures on operations and profitability by business segment are given using the "management reporting approach".

In compliance with the Bank of Italy provisions, segment reporting was prepared, in line with the Group management reporting, using the multiple ITR (internal transfer rate) method, integrating also the cost of liquidity.

The Crédit Agricole Italia Group operates through an organizational structure that comprises:

- The **Retail Banking, Private Banking** and **Financial Advisors** channels serving individuals, households and *small businesses*;
- The **Corporate Banking** channel serving larger-size enterprises.

Therefore, given the features of the Group, the Other channel is of a residual nature and includes the activities pertaining to central departments, with specific reference to governance.

The data are presented in compliance with the reclassified layouts contained in the management report on operations and compared with 2022, balance sheet data are presented consistently with the statutory layouts.

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

The "**Retail Banking, Private banking and Financial Advisors**" channels generated Operating income of Euro 2,060 million (+6.3%): Net interest income (+14.9%) and Net fee and commission income stable (-0.3%) and lower income from trading of financial assets (-17.6%); the operating profit came to Euro 772 million (+12.7%). Net of the Cost of risk, which came to Euro 202 million (51 bps) and after taxes, the Net profit came to Euro 400 million (up by +6.3%).

The "**Corporate Banking**" channel generated Operating income of Euro 549 million (+14.8%), with net interest income growing (+17.8%), net fee and commission income increasing (+7.3%) and income from trading of financial assets decreasing (-2.2%); the Operating Profit came to Euro 370 million (+18.9%).. Net of the Cost of risk, which came to Euro 130 million (63 bps) and after taxes, the Net profit came to Euro 167 million (up by +48.0%).

Assets by segment (point-in-time volumes) consisted of net loans to customers; as at 31 December 2023, the assets of the Retail Banking, Private Banking and Financial Advisors channels came to Euro 37,868 million (-0.2%); the assets of the Corporate Banking channel came to Euro 19,596 million (+4.7%); to the "other" channel an amount of Euro 6,555 million was allocated, mainly consisting of institutional counterparties, which are managed by the relevant central departments.

Liabilities by segment (point-in-time volumes) consisted of direct funding from Customers. Within this aggregate, funding of the Retail Banking, Private Banking and Financial Advisors channels came to Euro 50,795 million (+2.0%); the Corporate Banking channel posted a balance of Euro 11,861 million (+8.0%); to the "other" channel an amount of Euro 3,293 million was allocated, mainly regarding institutional counterparties.

It is pointed out that unallocated assets and liabilities report the set of inter-bank transactions, the Covered Bonds issued and other balance sheet aggregates, such as: unallocated property, plant and equipment/ intangible assets, tax assets/liabilities and specific-purpose provisions.

In accordance with IFRS 8, it is reported that the Group business operations are essentially carried out in the Italian national territory, they are not subject to periodic performance reporting to the management with breakdown by foreign geographical area. The Group has not achieved revenues resulting from transactions with single external customers for amounts exceeding 10% of the income recognized in the financial statements.

SEGMENT REPORTING AS AT 31 DECEMBER 2023

	Retail Bnkg, Private Bnkg and Financial Advisors	Corporate Banking;	Other	Total
Operating income				
Net interest income	978,805	365,237	456,460	1,800,502
Net fee and commission income	1,082,136	165,082	- 26,688	1,220,530
Dividend income	-	-	12,667	12,667
Financial Income (loss)	2,927	14,361	12,025	29,313
Other net operating income	- 4,278	4,677	- 2,558	- 2,159
Operating income	**2,059,592**	**549,356**	**451,905**	**3,060,853**
Personnel and administrative expenses and depreciation and amortization	- 1,288,046	- 179,725	- 237,262	- 1,705,033
Operating margin	**771,545**	**369,631**	**214,644**	**1,355,820**
Net provisioning for risks and charges	- 9,801	- 6,459	- 6,563	- 22,823
Net adjustments to loans	- 191,795	- 124,005	-	- 315,800
Impairment of securities	-	-	11,124	11,124
Total Cost of Risk	**- 201,596**	**- 130,464**	**4,561**	**- 327,499**
Profit (loss) on other investments			- 16,235	- 16,235
Profit (loss) before tax from continuing operations	**569,949**	**239,168**	**202,969**	**1,012,086**
Taxes on income from continuing operations	- 169,990	- 71,727	- 60,443	- 302,159
Profit (loss) for the FY	**399,960**	**167,441**	**142,526**	**709,927**
Assets and Liabilities				
Assets by segment (customers)	37,868,123	19,596,438	6,554,912	64,019,472
Equity investments in associates	-	-	25,803	25,803
Unallocated assets	-	-	27,647,203	27,647,203
Total Assets	**37,868,123**	**19,596,438**	**34,227,918**	**91,692,478**
Liabilities by segment	50,794,891	11,861,226	3,293,358	65,949,475
Unallocated liabilities	-	-	17,713,307	17,713,307
Total liabilities	**50,794,891**	**11,861,226**	**21,006,665**	**83,662,782**

SEGMENT REPORTING AS AT 31 DECEMBER 2022

	Retail Bnkg, Private Bnkg and Financial Advisors	Corporate Banking	Other	Non Recurring Elementsi	Total
Operating income					
Net interest income	851,924	310,016	148,710	-	1,310,650
Net fee and commission income	1,085,456	153,790	(20,295)	-	1,218,951
Dividend i	-	-	13,356	-	13,356
Financial Income (loss)	3,554	14,690	14,883	-	33,127
Other net operating income	(3,935)	(13)	7,044	-	3,096
Operating income	**1,936,999**	**478,483**	**163,698**	**-**	**2,579,180**
Personnel and administrative expenses and depreciation and amortization	(1,252,544)	(167,571)	(241,087)	-	(1,661,202)
Operating margin	**684,455**	**310,912**	**(77,389)**	**-**	**917,978**
Net provisioning for risks and charges	(8,158)	(8,372)	2	-	(16,528)
Net adjustments to loans	(144,745)	(141,903)	182	-	(286,466)
Impairment of securities	-	-	(8,432)	-	(8,432)
Total Cost of Risk	**(152,903)**	**(150,275)**	**(8,248)**	**-**	**(311,426)**
Profit (loss) on other investments	-	-	7,198	-	7,198
Risultato corrente al lordo delle imposte	**531,552**	**160,637**	**(78,439)**	**-**	**613,750**
Taxes on income from continuing operations	(155,195)	(47,476)	23,007	-	(179,664)
Utile (Perdita) d'esercizio di pertinenza della capogruppo ante poste non ricorrenti	**376,357**	**113,161**	**(55,432)**	**-**	**434,086**
Riconduzione effetti non ricorrenti: di cui Riallineamento fiscale	-	-	-	146,251	146,251
Restatement of non-recurring effects: Creval acquisition/integration expenses net of tax effect	-	-	-	(20,269)	(20,269)
Profit (loss) for the FY	**376,357**	**113,161**	**(55,432)**	**125,982**	**560,068**
Assets and Liabilities					
Assets by segment (customers)	37,930,324	18,720,753	7,676,737	-	64,327,814
Equity investments in associates	-	-	33,197	-	33,197
Unallocated assets	-	-	26,439,704	-	26,439,704
Total Assets	**37,930,324**	**18,720,753**	**34,149,638**	**-**	**90,800,715**
Liabilities by segment	49,816,042	10,984,831	2,164,694	-	62,965,567
Unallocated liabilities	-	-	20,123,122	-	20,123,122
Total liabilities	**49,816,042**	**10,984,831**	**22,287,816**	**-**	**83,088,689**

PART M - DISCLOSURE OF LEASES

Section 1 – Lessee

The additional information on leases required by IFRS16 is given below.

For the Group, the scope of application comprises property leases and car and IT infrastructure rentals. Property leases represent the most impacted scope; these contracts concern properties used as branches, officers and guest accommodation.

Right of Use

Lease type	No. of contracts as at 31 Dec. 2023	Right of Use value as at 31 Dec. 2023	Depreciation for the FY	Impairment for the FY
Buildings used in operations	906	257,310	-46,449	-3,244
Buildings used for investment	131	3,302	-1,871	-
Other property, plant and equipment assets: vehicles	444	3,469	-1,598	-
Other property, plant and equipment:IT structures	2	15,507	-2,366	-
Total	**1,483**	**279,588**	**-52,284**	**-3,244**

Lease Liability

Lease type	Remaining liability as at 31 Dec. 2023	Remaining liability - breakdown by term to maturity				interest expenses for the FY
		Term to maturity < 1 year	Term to maturity between 1 and 3 years	Term to maturity between 3 and 6 years	Term to maturity of over 6 years	
Buildings and land used in operations	303,915	47,558	84,110	98,077	74,170	-9,456
Buildings used for investment	3,332	1,432	1,515	291	94	-57
Other property, plant and equipment assets: vehicles	3,499	1,502	1,713	284	-	-60
Other property, plant and equipment:IT structures	10,679	3,456	3,962	2,747	514	-280
Total	**321,425**	**53,948**	**91,299**	**101,399**	**74,778**	**-9,853**

Breakdown of real estate operating lease contracts by geographical area and by annual lease payment bracket

Region	Lease payments up to 5 thousand	Lease payments from 5 to 50 thousand	Lease payments from 50 to 100 thousand	Lease payments above 100 thousand	Total
Emilia-Romagna	5	201	24	4	234
Lombardy	19	118	52	32	221
Veneto	1	67	24	11	103
Tuscany	6	46	26	10	88
Sicily	8	57	8	4	77
Lazio	1	27	13	24	65
Piedmont	4	29	19	12	64
Campania	-	31	19	9	59
Liguria	7	31	10	4	52
Other	8	54	8	4	74
Total	**59**	**661**	**203**	**114**	**1,037**

Frequency of payment instalment by lease type

Lease type	Instalment frequency	Number of contracts
Properties used in operations	Monthly	67
	Quarterly	746
	Half-yearly	67
	other	26
	Total	**906**
Property used for investment	Quarterly	130
	other	1
	Total	**131**
Vehicles	Monthly	444
	Total	**444**
Other property, plant and equipment:IT structures	Half-yearly	1
	annual	1
	Total	**2**
Totals		**1,483**

Lease contracts out of the IFRS 16 scope of application (recognition exemptions para. 5 IFRS 16)

The Company has applied par.6 of IFRS16 to short-term leases and to leases with the underlying asset having low value.

The table reports the information required under paragraph 53 letter d) of IFRS 16.

Lease type	Short term lease - 2023 rents	Low value lease - 2023 rents
Real Estate properties	219	18
Vehicles	274	-
POS	-	3,607
PC and mobile phones	-	3,194
Other	-	122
Total (net of VAT)	**493**	**6,941**

Section 2 – Lessor

2. FINANCE LEASES

QUALITATIVE DISCLOSURES

Finance leases are contracts whereby one of the parties (lessee) asks a lease firm (lessor) to purchase an asset from a manufacturer or seller (supplier) or to have it manufactured, in order to enjoy its use against a periodic lease payment.

The Group, specifically, Crédit Agricole Leasing Italia, recognizes finance leases in accordance with IFRS 16 and classifies them under financial assets measured at amortized cost.

In accordance with finance lease contracts (the specialist entity of the Group is Crédit Agricole Leasing Italia) , the lessee, at the end of the set lease term and granted that it has fulfilled all obligations undertaken, is entitled to choose:

- To acquire the ownership of the asset by paying a pre-set price (redemption value);
- To return the leased asset.

Lease terms, whose duration is based on the useful life of the assets, and the pre-set redemption value of the leased assets are such to generally induce lessees to purchase the asset at end of the lease term.

QUANTITATIVE DISCLOSURES

The table below reposts the classification by time bands of lease payments to be received and the reconciliation between payments to be received and lease loans.

Non-performing exposures (bad loans, Unlikely to Pay and non-performing past due exposures) have been allocated to the relevant time bands based on the recovery forecast for financial reporting measurement purposes.

Performing exposures are stated gross of the related collective impairment.

2.1 Classification of payments to be received by time band

TIME BANDS	Total 31 Dec. 2023		
	Lease payments to be received		Total lease payments to be received
	Non-performing exposures	Performing exposures	
Up to 1 year	17,647	801,189	818,836
From over 1 year to 2 years	6,973	670,388	677,361
From over 2 year to 3 years	18,192	544,026	562,218
From over 3 year to 4 years	4,710	395,863	400,573
From over 4 year to 5 years	460	231,730	232,190
From over 5 years	9	423,366	423,375
Total lease payments to be received	**47,991**	**3,066,562**	**3,114,553**
RECONCILIATION WITH LOANS			
Unearned financial income (-)	-	-243,031	-243,031
Unguaranteed residual value (-)	-	-	-
Collective impairment	-	-30,421	-30,421
Lease loans	**47,991**	**2,793,110**	**2,841,101**

These loans are reported in Part B) of this Notes to the Financial Statements, Section 4 - Financial assets measured at amortized cost: breakdown by type of loans to customers".

The total balance of lease loans reported in Part B Section 4 also includes Euro 8.2 million in loans receivables resulting from subleasing transactions on contracts for property leasing in.

Information on interest income on lease loans is given in Part C – Section 1 – Table 1.1 Interest and similar income: breakdown".

In the FY variable lease payments were recognized and stated as revenues under interest income, for Euro 57 million.

"Variable lease payments" means the part of the rents that is not pre-determined as to its amount, but varies in accordance with changes in facts or circumstances, other than time passing, which occur after the effective date

Lease terms, whose duration is based on the useful life of the assets, and the pre-set redemption value of the leased assets are such to generally induce lessees to purchase the asset at end of the lease term.

Financed assets are different according to the lease applicant and/or the nature of business operations. In general, financed assets belong to 4 categories: motor vehicles (cars, commercial vehicles and industrial vehicles), air rail naval (aircraft, pleasure boats, railway cars), equipment and property (commercial and industrial buildings both completed and to be built) and renewable energy equipment (photovoltaic plants, wind turbines, hydroelectric plants, etc.).

TIME BANDS	Total 31 Dec. 2022		
	Lease payments to be received		Total lease payments to be received
	Non-performing exposures	Performing exposures	
Up to 1 year	44,408	641,595	686,003
From over 1 year to 2 years	24,760	563,332	588,092
From over 2 year to 3 years	9,033	455,460	464,493
From over 3 year to 4 years	168	332,662	332,830
From over 4 year to 5 years	79	205,915	205,994
From over 5 years	597	433,587	434,184
Total lease payments to be received	**79,045**	**2,632,551**	**2,711,596**
RECONCILIATION WITH LOANS			
Unearned financial income (-)	-	-172,134	-172,134
Unguaranteed residual value (-)	-	-	
Collective impairment	-	-25,928	-25,928
Lease loans	**79,045**	**2,434,489**	**2,513,534**

2.2 Lease loans classified by quality and type of leased asset

	Lease loans			
	Performing exposures		Non-performing exposures	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
A. Movable assets	**866,820**	**859,570**	**36,562**	**64,422**
- Land	-	-	-	-
- Buildings	866,820	859,570	36,562	64,422
B. Capital assets	**1,487,270**	**1,240,285**	**9,101**	**13,394**
C. Movable assets	**439,020**	**334,634**	**2,328**	**1,229**
- Motor vehicles	378,009	267,878	2,328	1,229
- Air sea and rail	61,011	66,755	-	-
- Other	-	-	-	-
D. Intangible assets	**-**	**-**	**-**	**-**
- Trademarks	-	-	-	-
- Software	-	-	-	-
- Other	-	-	-	-
Total	**2,793,110**	**2,434,489**	**47,991**	**79,045**

The finance lease contracts signed with Customers provide for risk management in accordance with the Group policies.

OTHER INFORMATION

Leaseback transactions

Sale and leaseback is a transaction whereby the leased asset is sold and immediately leased back, by signing a lease contract for the same asset.

Loans resulting from leaseback contracts, which, for Crédit Agricole Leasing Italia S.r.l., have no particular features in their clauses, except possibly in the ones relating to the regulation of the Supplier role (identifiable with the lessee), came to Euro 159.4 million.

3. OPERATING LEASES

The disclosure required by paragraph 97 of IFRS 16 is given below.

3.1 Classification of payments to be received by time band

The payments to be received reported in the table refer to property lease contracts.

There are no variable payments not included in the reported amounts and there are no purchase options on the leased asset.

Time bands	31 Dec. 2023 Lease payments to be received	31 Dec. 2022 Lease payments to be received
Up to 1 year	2,601	3,001
From over 1 year to 2 years	2,306	2,925
From over 2 year to 3 years	2,121	2,632
From over 3 year to 4 years	2,015	2,415
From over 4 year to 5 years	1,864	2,202
Over 5 years	3,363	5,964
Total	**14,270**	**19,139**

DISCLOSURE OF THE FEES FOR THE AUDIT OF THE ACCOUNTS AND NON-AUDIT SERVICES PURSUANT TO ARTICLE 149-*DUODECIES* OF THE ISSUER REGULATION

FEES FOR:	31 Dec. 2023
Statutory audit of annual accounts	1,611
Certification services	119
Other services	167
Total	**1,897**

DISCLOSURE OF PUBLIC FUNDING

Public funding transparency requirements are laid down in Article 1, paragraphs 125-129, of Italian Law no. 124/2017 but the wording gave rise to several problems in terms of interpretation and application. The worries expressed by trade associations (including Assonime, the Italian Association of Joint-stock Companies) were for the most part solve by Article 35 of Italian Decree Law no. 34/2019 (Growth Decree), which, in many cases, clarifies important matters, in order to streamline and rationalize the aforementioned requirements.

The Law establishes the obligation to disclose, in the Notes to the Financial Statements as at 31 December 2019 – and, where applicable, in the note to the consolidated financial statements – the amounts of and other information on “grants, subsidies, advantages, contributions or aids, in money of in kind, not given in general and other than considerations, remuneration or compensations, received from public administration bodies and other identified entities” (hereinafter for short “public funding”).

Noncompliance with these obligations is punished with a civil fine equal to 1% of the received amounts, with a minimum fine of Euro 2,000 and the ancillary penalty of complying with the disclosure obligation. If the offender does not comply with the set disclosure obligation and does not pay the fine within 90 days of its imposition, it shall be required to return the all the amounts received to the entities that granted them.

In order to prevent accumulation of non-relevant information, the Euro 10,000 threshold has been kept, below which the recipient is not required to disclose any information on the received public funding.

Furthermore, in August 2017 the Italian national State Aid Registry was set up at the Directorate-general for business incentive at the Italian Ministry of Economic Development, where all State aids and small amount aids to businesses shall be entered by those that give or manage such aids.

For the aids to Crédit Agricole Italia Banking Group, please refer to the “Registry Transparency” section, which is publicly available.

COUNTRY-BY-COUNTRY REPORTING

Country where the Company is headquartered: ITALY

A) NAME OF THE COMPANIES HEADQUARTERED IN THE COUNTRY AND NATURE OF THEIR BUSINESS

Company name	Nature of its business
Crédit Agricole Italia S.p.A.	Company operating in the sector of retail banking services, commercial banking services and retail intermediation services
Crédit Agricole Leasing Italia S.r.l.	Private limited liability company operating in the placement and management of lease products
Crédit Agricole Group Solutions S.c.p.A.	Not-for-profit consortium company, with the corporate purpose of providing, mainly to and/or in the interest of its shareholders, organizational, technical, IT and administrative services
Crédit Agricole Italia OBG S.r.l.	Private limited liability company that was incorporated pursuant to the Italian Law on Securitization Transactions and Issue of Covered Bonds; it is currently being used for a Covered Bond programme
Crédit Agricole Real Estate Italia S.r.l.	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
San Piero Immobiliare S.p.A. in liquidazione	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
San Giorgio Immobiliare S.p.A. in liquidazione	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
Agricola Le Cicogne S.r.l.	Private limited liability company operating in the management of land and farms, both owned and of third parties
Stelline Real Estate S.p.A.	Private limited liability company operating in the real estate sector whose corporate purpose comprises property purchasing, renting and selling
Le Village by CA Parma S.r.l.	Company operating in the promotion and dissemination of innovation in products, services and processes
Le Village by CA Triveneto S.r.l.	Company operating in the promotion and dissemination of innovation in products, services and processes
Le Village by CA delle Alpi società benefit S.r.l	Company operating in the promotion and dissemination of innovation in products, services and processes

B) REVENUE

Item (thousands of Euros)	31 Dec. 2023
Net banking income(*)	3,083,495

C) NUMBER OF EMPLOYEES

Item	31 Dec. 2023
Number of employees expressed as full-time equivalents**)	12,158

D) PROFIT OR LOSS BEFORE TAXES

Item (thousands of Euros)	31 Dec. 2023
Profit on continuing operations before taxes (*)	1,012,086

E) TAXES ON PROFIT OR LOSS

Item (thousands of Euros)	31 Dec. 2023
Taxes on income from continuing operations (*)	-302,159

F) GOVERNMENT GRANTS RECEIVED

Item (thousands of Euros)	31 Dec. 2023
Government grants(^)	36

(*) Data source: 2023 Annual Report and Financial Statements of the Crédit Agricole Italia Banking Group.
(**) In accordance with Bank of Italy Circular 285a, “Number of employees expressed as full-time equivalents” is the ratio of the total hours worked by all employees, excluding overtime, to the annual total provided for by the relevant contract for a full-time employee.
(^) Funding of training by FONDIR.

Crédit Agricole Italia

REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2023

FINANCIAL HIGHLIGHTS AND ALTERNATIVE PERFORMANCE MEASURES

APM – ALTERNATIVE PERFORMANCE MEASURES

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

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

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

Income Statement highlights [a] (thousands of Euros)	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net interest income	1,769,882	1,271,436	498,446	39.2
Net fee and commission income	1,218,548	1,216,278	2,270	0.2
Dividend income	14,200	15,708	-1,508	-9.6
Financial income (loss)	29,298	33,113	-3,815	-11.5
Other operating income (expenses)	-9,748	975	-10,723	
Operating income	3,022,180	2,537,510	484,670	19.1
Operating expenses	-1,686,822	-1,671,991	14,831	0.9
Operating margin	1,335,358	865,519	469,839	54.3
Cost of risk[b]	-315,055	-299,026	16,029	5.4
Of which Net adjustments to loans	*-304,137*	*-275,093*	*29,044*	*10.6*
Profit (Loss) for the period	703,250	552,879	150,371	27.2

Balance Sheet highlights[a] (thousands of Euros)	31 Dec. 2023	31 Dec. 2022[*]	Changes	
			Absolute	%
Loans to Customers	69,300,253	75,841,071	-6,540,818	-8.6
Of which Securities measured at amortized cost	*5,414,031*	*12,538,328*	*-7,124,297*	*-56.8*
Net financial assets/liabilities at fair value	153,276	189,662	-36,386	-19.2
Financial assets measured at fair value through other comprehensive income	3,865,221	3,516,496	348,725	9.9
Equity investments	193,393	201,023	-7,630	-3.8
Property, plant and equipment and intangible assets	2,470,533	2,592,883	-122,350	-4.7
Total net assets	91,370,677	90,421,784	948,893	1.0
Net due to banks	2,889,854	5,536,255	-2,646,401	-47.8
Funding from Customers	76,260,209	72,269,392	3,990,817	5.5
Indirect funding from Customers	92,888,389	87,172,475	5,715,914	6.6
of which: asset management	*50,028,256*	*49,450,233*	*578,023*	*1.2*
Equity	7,992,677	7,681,701	310,976	4.0

Operating structure	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Point-in-time number of employees	11,909	12,063	-154	-1.3
Average number of employees[c]	10,836	11,109	-273	-2.5
Number of branches	1,014	1,123	-109	-9.7

(a) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 371 and 382. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.

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

(c) 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%.

(*) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities).. Therefore, the data as at 31 Dec. 2022 have been restated.

FINANCIAL HIGHLIGHTS AND RATIOS

Structure ratios[a]	31 Dec. 2023	31 Dec. 2022[*]
Net loans to Customers/Total net assets	63.1%	70.0%
Direct funding from Customers/Total net assets	83.5%	79.9%
Asset under management/Indirect funding from Customers	68.4%	56.7%
Net loans to Customers/Direct funding from Customers	75.6%	87.6%
Total assets[d]/Equity	11.7	12.5

Profitability ratios[a]	31 Dec. 2023	31 Dec. 2022
Net interest income/Operating income	58.6%	50.1%
Net fee and commission income/Operating income	40.3%	47.9%
Cost/Income ratio[e]	52.5%	60.9%
Net income/Average equity (ROE)[f]	9.0%	7.6%
Net income/ Average tangible equity (ROTE) [f]	11.0%	9.3%
Net income / Total assets[d] (ROA)	0.7%	0.6%
Net income/Risk weighted assets	2.0%	1.7%

Risk ratios[a]	31 Dec. 2023	31 Dec. 2022 (*)
Gross bad loans/Gross loans to Customers	0.8%	0.7%
Net bad loans/Net loans to Customers	0.2%	0.2%
Gross non-performing exposures/Gross loans to customers (gross NPE ratio)	3.1%	3.1%
Net non-performing exposures/Net loans to customers (net NPE ratio)	1.6%	1.7%
Net adjustments to loans/Net loans to Customers	0.5%	0.4%
Cost of risk[e]/Operating margin	23.6%	34.5%
Net bad loans/Total Capital[h]	1.7%	1.6%
Total Impairments of non-performing loans/Gross non-performing loans	50.3%	47.1%
Total Impairments of performing loans/Gross performing loans	0.6%	0.6%

Productivity ratios[a] (in income terms)	31 Dec. 2023	31 Dec. 2022
Operating expenses/No. of Employees (average)	155.7	150.5
Operating income/No. of Employees (average)	278.9	228.4

Productivity ratios [a] (in financial terms)	31 Dec. 2023	31 Dec. 2022 (*)
Net loans to Customers/No. of employees (average)	5,318.6	5,698.3
Direct funding from Customers/No. of Employees (average)	7,037.7	6,505.5
Gross banking income[i]/No. of employees (average)	20,928.5	20,050.8

Capital and liquidity ratios	31 Dec. 2023	31 Dec. 2022
Common Equity Tier 1[j]/Risk-weighted assets (CET 1 ratio)	14.5%	14.0%
Tier 1[k]/Risk-weighted assets (Tier 1 ratio)	16.9%	16.5%
Total Capital[h]/Risk-weighted assets (Total Capital Ratio)	19.9%	19.7%
Common Equity Tier 1[j] (thousands of Euros)	5,088,285	4,693,188
Risk-weighted assets	34,987,716	33,438,498
Liquidity Coverage Ratio (LCR)	244%	260%
Net Stable Funding Ratio (NSFR)	136%	133%

(a) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 371 and 382. All in compliance with Consob letter no. 0031948 of 10 March 2017and with ESMA Recommendation on alternative performance measures.
(d) Ratio calculated based on total assets as reported in the financial statement.
(e) Ratio calculated excluding ordinary and extraordinary bank resolution contributions.
(f) Ratio of net income to equity weighted average (for ROTE net of intangibles).
(g) The cost of risk includes provisioning for risks and charges, net adjustments to loans and impairment of securities.
(h) Total Capital: total regulatory own funds.
(i) Net loans to Customers + direct funding + indirect funding.
(j) Common Equity Tier 1: CET 1.
(k) Tier 1: Tier 1 Capital.
(*) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities).. Therefore, the data as at 31 Dec. 2022 have been restated.

MANAGEMENT REPORT

PERFORMANCE OF OPERATIONS

In a scenario featuring high inflation and interest rates increasing after being stable for years, Crédit Agricole Italia generated growing profits thanks to its balanced and diversified business model that relies on an organic development path promoting technological transformation at the service of Customers, reasserting its support to the economic fabric with constant attention to asset quality.

The commercial activity made profits on the main lines of business. Worth specific mentioning is the significant development in the customer base, with the acquisition of over 175 thousand new customers (+16% YoY), thanks to the contributions given by both the commercial network and the digital channel. Total assets performed better than the Italian banking system across all segments, which was driven especially by high net inflows of savings (just shy of 4 billion).

Crédit Agricole Italia ranked once again at the top in terms of Recommendation Index, which expressed its appreciation by Customers, ranking no. 1 among the universal banks in Italy.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

The figures reported on the next pages are expressed in thousands of Euros.

Reclassified Balance Sheet

Assets	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net financial Assets/Liabilities at fair value	153,276	189,662	-36,386	-19.2
Financial assets measured at fair value through other comprehensive income	3,865,221	3,516,496	348,725	9.9
Loans to Customers	69,300,253	75,841,071	-6,540,818	-8.6
Equity investments	193,393	201,023	-7,630	-3.8
Property, plant and equipment and intangible assets	2,470,533	2,592,883	-122,350	-4.7
Tax assets	1,988,836	2,719,734	-730,898	-26.9
Other assets	13,399,165	5,360,915	8,038,250	
Total assets	**91,370,677**	**90,421,784**	**948,893**	**1.0**

Liabilities	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net due to banks	2,889,854	5,536,255	-2,646,401	-47.8
Funding from Customers	76,260,209	72,269,392	3,990,817	5.5
Tax liabilities	273,325	307,487	-34,162	-11.1
Other liabilities	3,295,711	3,959,549	-663,838	-16.8
Specific-purpose provisions	658,901	667,400	-8,499	-1.3
Capital	1,102,071	1,102,071	-	-
Equity instruments	815,000	815,000	-	-
Reserves (net of treasury shares)	5,431,349	5,266,335	165,014	3.1
Valuation reserves	-58,993	-54,584	4,409	8.1
Profit (Loss) for the period	703,250	552,879	150,371	27.2
Total liabilities and equity	**91,370,677**	**90,421,784**	**948,893**	**1.0**

Reconciliation of the balance sheet and reclassified balance sheets

Assets	31 Dec. 2023	31 Dec. 2022
Net financial assets/liabilities at fair value	**153,276**	**189,662**
20 a. Financial assets held for trading	198,491	331,982
20 c. Financial assets mandatorily measured at fair value	153,026	186,729
20. Financial liabilities held for trading	-198,241	-329,049
Financial assets measured at fair value through other comprehensive income	**3,865,221**	**3,516,496**
30. Financial assets measured at fair value through other comprehensive income	3,865,221	3,516,496
Loans to Customers	**69,300,253**	**75,841,071**
40 b. Loans to Customers	69,300,253	75,841,071
Equity investments	**193,393**	**201,023**
70. Equity investments	193,393	201,023
Property, plant and equipment and intangible assets	**2,470,533**	**2,592,883**
80. Property, Plant and Equipment	1,060,113	1,161,327
90. Intangible assets	1,410,420	1,431,556
Tax assets	**1,988,836**	**2,719,734**
100. Tax assets	1,988,836	2,719,734
Other assets	**13,399,165**	**5,360,915**
10. Cash and cash equivalents	10,383,272	2,875,997
120. Other assets	2,471,745	1,774,225
50. Hedging derivatives (Assets)	863,647	1,318,646
60. Fair value change of financial assets in macro-hedge portfolios	-328,603	-607,953
110. Non-current assets held for sale and discontinued operations	9,104	-
Total assets	**91,370,677**	**90,421,784**

Liabilities	31 Dec. 2023	31 Dec. 2022
Net due to banks	**2,889,854**	**5,536,255**
10 a. Due to banks	5,221,913	11,059,727
To deduct: Lease liabilities	-402	-138
40 a. Due from banks	-2,331,657	-5,523,334
Funding from Customers	**76,260,209**	**72,269,392**
10 b Due to Customers	61,974,658	62,215,171
To deduct: Lease liabilities	-306,907	-344,373
10 c. Debt securities issued	14,592,458	10,398,594
Tax liabilities	**273,325**	**307,487**
60. Tax liabilities	273,325	307,487
Other liabilities	**3,295,711**	**3,959,549**
10 a. Due to banks: of which lease liabilities	402	138
10 b. Due to customers: of which lease liabilities	306,907	344,373
40. Hedging derivatives (Liabilities)	2,139,540	3,815,534
50. Fair value change of financial liabilities in macro-hedge portfolios	-791,351	-1,491,822
80. Other liabilities	1,640,213	1,291,326
Specific-purpose provisions	**658,901**	**667,400**
90. Employee severance benefits	86,588	94,309
100. Provisions for risks and charges	572,313	573,091
Capital	**1,102,071**	**1,102,071**
160. Capital	1,102,071	1,102,071
Equity instruments	**815,000**	**815,000**
130. Equity instruments	815,000	815,000
Reserves (net of treasury shares)	**5,431,349**	**5,266,335**
140. Reserves	1,935,977	1,770,262
150. Share premium reserve	3,495,378	3,496,073
170. Treasury shares (-)	-6	-
Valuation reserves	**-58,993**	**-54,584**
110. Valuation reserves	-58,993	-54,584
Profit (Loss) for the period	**703,250**	**552,879**
180. Profit (Loss) for the period	703,250	552,879
Total liabilities and equity	**91,370,677**	**90,421,784**

Loans to Customers

	31 Dec. 2023	31 Dec. 2022(*)	Changes	
			Absolute	%.
- Current accounts	3,011,038	3,005,617	5,421	0.2
- Mortgage loans	44,961,500	44,683,737	277,763	0.6
- Invoice financing and credit facilities	14,901,251	14,526,180	375,071	2.6
- Non-performing loans	1,004,267	1,079,923	-75,656	-7.0
- Finance Leases	8,166	7,286	880	12.1
Loans to Customers	**63,886,222**	**63,302,743**	**583,479**	**0.9**
Securities measured at amortized cost	5,414,031	12,538,328	-7,124,297	-56.8
Total loans to Customers	**69,300,253**	**75,841,071**	**-6,540,818**	**-8.6**

(*) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities).. Therefore, the data as at 31 Dec. 2022 have been restated.

As at 31 December 2023, loans to Customers came to 63.9 billion Euros, increasing by 0.6 billion Euros vs. 2022 (up by +0.9%) performing against the trend in the Italian banking system which proved decreasing (down by -2.2%). Specifically, once again the Bank provided constant support to the real economy, focusing especially on the ESG transition, through:

- Origination of Home Loans for 3.8 billion Euros, growing vs. the previous year (+10%) despite the strongly contracting market (down by approx. -30%) being affected by hiking interest rates and by the consequent decline in real estate purchases and sales and in the subrogation market. Worth mentioning is the weight of Green mortgage loans (for class A, B and C buildings), which, in but six months, went up from 12% to 18%, an increase that entirely resulted from the CA Greenback mortgage loan launched in April 2023;
- Loans to businesses totalling over 3 billion Euros, markedly growing vs. 2022 (+16%) and driven also by the widening and spreading of Sustainability Linked e Green Loans, despite the declining market trend caused by the higher cost of money, because of which businesses borrowed less from banks;
- Stronger strategic positioning in the Agri-Food sector– a core business segment for the Group – which, as at 31 December 2023, accounted for over 6 billion Euros in loans, up by +2% vs. the end of 2022. In order to support the sector even further the Ambition Agri Agro Investissement Fund was set up to invest in French and Italian companies operating in the agri-food sector and engaged in the agricultural transition challenges.

Again in 2023, non-performing loans decreased by 7% consistently with the derisking action provided for by the Medium Term Plan.

As at the reporting date, Securities measured at amortized cost amounted to 5.4 billion Euros, down by 7.1 billion Euros vs. 31 December 2022. The portfolio downsizing resulted from liquidity optimization needs.

Loan quality

	31 Dec. 2023			31 Dec. 2022(*)		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
- Bad loans	525,767	409,095	116,672	444,390	342,236	102,154
- Unlikely to Pay	1,478,640	602,599	876,041	1,558,263	608,088	950,175
- Past-due/overlimit loans	18,250	6,696	11,554	38,185	10,591	27,594
Non-performing loans	**2,022,657**	**1,018,390**	**1,004,267**	**2,040,838**	**960,915**	**1,079,923**
- Performing loans - stage 2	7,376,099	312,573	7,063,526	3,569,733	207,502	3,362,231
- Performing loans - stage 1	55,884,651	66,222	55,818,429	59,003,332	142,743	58,860,589
Performing loans	**63,260,750**	**378,795**	**62,881,955**	**62,573,065**	**350,245**	**62,222,820**
Loans to Customers	**65,283,407**	**1,397,185**	**63,886,222**	**64,613,903**	**1,311,160**	**63,302,743**
Securities measured at amortized cost	**5,426,766**	**12,735**	**5,414,031**	**12,561,639**	**23,311**	**12,538,328**
Total loans to Customers	**70,710,173**	**1,409,920**	**69,300,253**	**77,175,542**	**1,334,471**	**75,841,071**

	31 Dec. 2023			31 Dec. 2022(*)		
	Gross exposure/ total	Net exposure/ total	Coverage ratio	Gross exposure/ total	Net exposure/ total	Coverage ratio
- Bad loans	0.8%	0.2%	77.8%	0.7%	0.2%	77.0%
- Unlikely to Pay	2.3%	1.4%	40.8%	2.4%	1.5%	39.0%
- Past-due/overlimit loans	0.0%	0.0%	36.7%	0.1%	0.0%	27.7%
Non-performing loans	**3.1%**	**1.6%**	**50.3%**	**3.2%**	**1.7%**	**47.1%**
- Performing loans - stage 2	11.3%	11.1%	4.2%	5.5%	5.3%	5.8%
- Performing loans - stage 1	85.6%	87.4%	0.1%	91.3%	93.0%	0.2%
Performing loans	**96.9%**	**98.4%**	**0.6%**	**96.8%**	**98.3%**	**0.6%**
Loans to Customers	**100.0%**	**100.0%**	**2.1%**	**100.0%**	**100.0%**	**2.0%**

(*) To represent loan quality and the related ratios, loans to Customers do not include the securities measured at amortized cost (both government and non-government securities).. Therefore, the data as at 31 Dec. 2022 have been restated.

Loan quality further improved vs. the previous year: total net non-performing loans came to Euro 1 billion, down by -7.0% vs. 31 December 2022, thanks to effective internal management of non-performing exposures and to new defaults under control. The NPL coverage ratio hit 50.3%, increasing by 300 bps vs. 47.1% as at December 2022, and the weight of non-performing loans on total loans also improved: the net NPL ratio decreased to 1.6% (1.7% as at December 2022) and the gross NPL ratio came to 3.1% (3.2% as at December 2022).

Within performing loans, the weight of stage 2 loans increased.

Specifically:

- NPL coverage ratio at 50.3% (up by +3.2% vs. 31 December 2022):
  - 77.8% for bad loans (up by +0.8% YoY);
  - 40.8% for Unlikely to Pay (up by +1.8% YoY);
  - 36.7% past-due/overlimit loans (up by +9.0% YoY).
- Weight of non-performing loans at a gross figure of 3.1% (essentially stable vs. 31 December 2022) and at a net figure of 1.6% (stable vs. 2022):
  - Weight of bad loans at a gross figure of 0.8% (up by +0.1% YoY) and at a net figure of 0.2% (flat YoY);
  - Weight of Unlikely to Pay at a gross figure of 2.3% (down by -0.1% YoY) and at a net figure of 1.4% (down by -0.1% YoY);
  - The weight of past-due/overlimit loans was zero.

Loans to customers include the POCI assets coming from the acquisition of Credito Valtellinese finalized in 2021.

Funding from Customers

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- Deposits	3,537,774	3,197,704	340,070	10.6
- Current and other accounts	57,367,491	57,932,211	-564,720	-1.0
- Other items	762,486	740,883	21,603	2.9
Due to Customers	**61,667,751**	**61,870,798**	**-203,047**	**-0.3**
Debt securities issued	**14,592,458**	**10,398,594**	**4,193,864**	**40.3**
Total direct funding	**76,260,209**	**72,269,392**	**3,990,817**	**5.5**
Indirect funding	**92,888,389**	**87,172,475**	**5,715,914**	**6.6**
Total funding	**169,148,598**	**159,441,867**	**9,706,731**	**6.1**

As at 31 December 2023, Total Funding, as the sum of Direct and Indirect Funding, came to Euro 169.1 billion, increasing by Euro 9.7 billion (up by +6.1%) vs. 31 December 2022.

Specifically, total Direct Funding came to Euro 76.3 billion (up by +5.5% YoY), performing against the contracting market (down by -1.5% vs. Dec. 2022), thanks to the brilliant performance of time deposits and the stability of sight deposits.

In order make funding stronger and more stable, in June 2023 the Crédit Agricole Italia successfully finalized a new issue of Covered Bonds, one of the first Premium label ones in the Italian market, for an amount of 1 billion Euros. The transaction was part of the 16 billion Euros Covered Bond programme with Italian residential mortgage loans as underlying assets. Later on, in October a Premium-label Covered Bond was issued amounting to 400 million Euros, fully subscribed by the EIB, in order to support SMEs and companies operating in the agri-food sector in their energy transition.

Indirect funding

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- Wealth management	23,100,478	21,863,521	1,236,957	5.7
- Insurance products	26,927,778	27,586,712	-658,934	-2.4
Total assets under management	**50,028,256**	**49,450,233**	**578,023**	**1.2**
Assets under administration	**42,860,133**	**37,722,242**	**5,137,891**	**13.6**
Indirect funding	**92,888,389**	**87,172,475**	**5,715,914**	**6.6**

As at 31 December 2023, Indirect Funding came to Euro 92.9 billion, increasing by Euro 5.7 billion (up by +6.6%) vs. 31 December 2022. The asset management in-force business came to over Euro 50 billion, increasing by Euro 0.6 billion (+1.2%) vs. the end of 2022, driven by the growth in wealth management (+5.7%).

Assets under administration came to Euro 42.9 billion increasing by Euro 5.1 billion (+13.6%) vs. 2022 tanks to purchases and subscription of securities, mostly government securities.

Financial assets and liabilities measured at fair value

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Financial assets and liabilities measured at fair value through profit or loss				
- Debt securities	1,434	1,520	-86	-5.7
- Equity securities and units of collective investment undertakings	151,682	185,298	-33,616	-18.1
- Derivative financial instruments with positive FV	198,401	331,893	-133,492	-40.2
Total assets	**351,517**	**518,711**	**-167,194**	**-32.2**
- Derivative financial instruments with negative FV	198,241	329,049	-130,808	-39.8
Total liabilities	**198,241**	**329,049**	**-130,808**	**-39.8**
Net Total	**153,276**	**189,662**	**-36,386**	**-19.2**
Financial assets measured at fair value through other comprehensive income				
- Debt securities	3,615,157	3,240,500	374,657	11.6
- Equity securities	250,064	275,996	-25,932	-9.4
Total	**3,865,221**	**3,516,496**	**348,725**	**9.9**

As at 31 December 2023 financial assets measured at fair value through other comprehensive income amounted to Euro 3.9 billion, increasing by 10%, and mainly consisted of debt securities, which amounted to Euro. 3.6 billion.

Government securities held

	31 Dec. 2023			31 Dec. 2022		
	Nominal value	Book value	Valuation reserve	Nominal value	Book value	Valuation reserve
Financial assets held for trading						
Italian Government securities	11	13	X	12	13	X
Argentinian Government securities	87	-	X	87	-	X
Financial assets through other comprehensive income						
Italian Government securities	3,633,500	3,615,157	11,528	3,304,000	3,240,500	-9,228
Financial assets measured at amortized cost						
Italian Government securities	4,565,000	4,655,255	X	11,130,300	11,667,781	X
Total	**8,198,598**	**8,270,425**	**11,528**	**14,434,399**	**14,908,294**	**-9,228**

As at 31 December 2023, the total of government securities held amounted to Euro 8.2 billion in nominal terms, decreasing by Euro 6.2 billion vs. the end of 2022 (-43%) resulting from the amortized cost portfolio. The portfolio downsizing resulted mainly from securities coming to their natural maturity and from liquidity optimization needs.

Equity investments

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- Subsidiaries	166,941	168,596	-1,655	-1.0
- Joint arrangements	288	315	-27	-8.6
- Investees subject to significant influence	26,164	32,112	-5,948	-18.5
Total	**193,393**	**201,023**	**-7,630**	**-3.8**

The “Equity investments of the Bank” item came to Euro 0.2 billion, decreasing by Euro 7 million vs. the end of 2022.

The main changes that occurred in 2023 were: sale of the equity investment in General Finance (15.4 million Euros); subscription of equity investments in Blank (2.6 million Euros), BDX (2.5 million Euros) and Le Village by CA Alpi (0.5 million Euros); impairment of Stelline Real Estate (2.1 million Euros).

Property, plant and equipment and intangible assets

As at the reporting date, property, plant and equipment and intangible assets came to Euro 2.5 billion. Specifically, property, plant and equipment came to Euro 1.1 billion, while intangible assets came to Euro 1.4 billion including Euro 1,3 billion in goodwill.

Specific-purpose provisions

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Employee severance benefits	**86,588**	**94,309**	**-7,721**	**-8.2**
Provisions for risks and charges	**572,313**	**573,091**	**-778**	**-0.1**
a) commitments and guarantees given	78,921	72,517	6,404	8.8
b) post-employment and similar obligations	30,643	24,020	6,623	27.6
c) other provisions for risks and charges	462,749	476,554	-13,805	-2.9
Total specific-purpose provisions	**658,901**	**667,400**	**-8,499**	**-1.3**

As at 31 December 2023, specific-purpose provisions came to Euro 659 million, slightly decreasing by Euro 8 million YoY (-1.3%): specifically, item “other provisions for risks and charges” decreased by Euro 14 million, mainly because of the payments made subsequent to the agreement with the Trade Unions that gave the possibility to interested employees to voluntarily terminate their employment receiving incentives.

Equity

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Share capital	1,102,071	1,102,071	-	-
Share premium reserve	3,495,378	3,496,073	-695	-
Income reserves	1,932,471	1,767,081	165,390	9.4
Other reserves	3,506	3,181	325	10.2
Reserve for valuation of financial assets through other comprehensive income	-14,794	-15,940	-1,146	-7.2
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-44,199	-38,644	5,555	14.4
Equity instruments	815,000	815,000	-	-
Treasury shares	-6	-	6	-
Profit for the FY	703,250	552,879	150,371	27.2
Total (book) equity	**7,992,677**	**7,681,701**	**310,976**	**4.0**

As at 31 December 2023, book Equity stood at Euro 8.0 billion, increasing by Euro 0.3 billion YoY (+4%).

The increase in Equity resulted mainly from the increases in the profit for the period of Euro 150 million and in reserves of Euro 170 million.

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

Own Funds and capital ratios

	31 Dec. 2023	31 Dec. 2022
A. Common Equity Tier 1 (CET1) prior to the application of prudential filters	**6,782,765**	**6,537,236**
of which CET1 instruments subject to transitional arrangements	-	-
B. CET1 (+/-) prudential filters	**-34,971**	**-42,757**
C. CET1 gross of the elements to be deducted and of the effects of the transitional regime (A +/- B)	**6,747,794**	**6,494,479**
D. Elements to be deducted from CET1	**1,659,509**	**1,801,291**
E. Transitional regime - Impact on CET1 (+/-)	**-**	**-**
F. Total Common Equity Tier 1 (CET1) (C – D +/-E)	**5,088,285**	**4,693,188**
G. (Additional Tier 1 (AT1) gross of the elements to be deducted and of the effects of the transitional regime	**815,000**	**815,000**
of which AT1 instruments subject to transitional provisions	-	-
H. Elements to be deducted from AT1	**-**	**-**
I. Transitional regime- Impact on AT1 (+/-)	**-**	**-**
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**815,000**	**815,000**
M. Tier 2 (T2) gross of the elements to be deducted and of the effects of the transitional regime	**1,070,001**	**1,077,057**
of which T2 instruments subject to transitional arrangements	-	-
N. Elements to be deducted from T2	**-**	**-**
O. Transitional regime- Impact on T2 (+/-)	**-**	**-**
P. Total Tier 2 (T2) (M - N +/- O)	**1,070,001**	**1,077,057**
Q. Total own funds (F + L + P)	**6,973,286**	**6,585,245**

Capital adequacy

	Non-weighted amounts		Weighted amounts/requirements	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
A. RISK ASSETS				
A.1 Credit and counterparty risks	96,114,879	95,363,197	30,541,546	29,329,222
1. Standardized approach	60,105,236	62,522,799	22,097,167	21,831,771
2. IRB approach	36,008,298	32,838,965	8,432,019	7,483,823
2.1 Foundation	-	-	-	-
2.2 Advanced	36,008,298	32,838,965	8,432,019	7,483,823
3. Asset-backed securities	1,345	1,433	12,360	13,628
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risks			2,443,324	2,346,338
B.2 Risk of value adjustments to loans			1,534	3,411
B.3 Regulatory risk			-	-
B.4 Market risks			638	734
1. Standardized approach			638	734
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			353,522	324,597
1. Basic indicator approach			-	-
2. Standardized approach			353,522	324,597
3. Advanced approach			-	-
B.6 Other measurement elements			-	-
B.7 Total prudential requirements (*)			2,799,018	2,675,080
C. RISK ASSETS AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			34,987,716	33,438,498
C.2 Common Equity Tier 1/Risk-weighted assets (CET 1 capital ratio)			14.5%	14.0%
C.3 Tier 1 capital /Risk-weighted assets (Tier 1 capital ratio)			16.9%	16.5%
C.4 Total own funds/risk-weighted assets (Total capital ratio)			19.9%	19.7%

As at 31 December 2023, *Common Equity Tier 1* hit Euro 5,088 million, increasing vs. the previous FY (Euro +362 million). The increase resulted mainly from the developments in book Equity items, including the portion of retained earnings for the period – which includes also the amount determined in accordance with the applicable law on the 2023 extraordinary tax on banks", which shall be allocated to extraordinary reserve –, lower deductions for DTA/DTL and the annual interest paid on Additional Tier 1 instruments.

As at December 2023 the following transactions were executed for the issue and repayment of subordinated instruments: issue of an AT1 note for 200 million Euros and subsequent repayment, on the early repayment date contractually provided for of the AT1 instrument issued for the same amount in 2016; issue of a Tier 2 instrument for 215 million Euros and concomitant repayment, on the first early repayment date of a Tier 2 note for 100 million Euros issued in 2018.

As at the reporting date risk-weighted assets amounted to 34,988 million Euros, increasing vs. 2022 (+1.5 billion Euros), essentially reflecting the developments in commercial activities and the increase in operational risk associated with the increase in net banking income for 2023.

In April 2023, the new retail models were released which implement the alignment to the EBA Guidelines on PD and LGD, the management of the new definition of default, the roll-out of the internal model on the CCF parameter, as well as the extension of the AIRB perimeter to the former-Carispezia retail exposure and to the mixed joint accounts segment.

Based on the above-reported facts, the Common Equity Tier 1 ratio as at 31 December 2023 came to 14.5% (14.0% as at 31 December 2022), the Tier 1 ratio to 16.9% (16.5% as at 31 December 2022) and the Total Capital ratio to 19.9% (19.7% as at 31 December 2022): all ratios are well above the regulatory requirements.

PROFIT OR LOSS

Net income came to Euro 703 million, increasing by +27.2% vs. the same period of last year which reported one-off expenses for Creval acquisition amounting to 20 million Euros and 146 million Euros in tax realignment. Excluding the impact of those non-recurring components, the achieved increase in 2023 came to +64.7% YoY.

The figures reported on the next pages are expressed in thousands of Euros.

Reclassified income statement

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Net interest income	1,769,882	1,271,436	498,446	39.2
Net fee and commission income	1,218,548	1,216,278	2,270	0.2
Dividend income	14,200	15,708	-1,508	-9.6
Financial income (loss)	29,298	33,113	-3,815	-11.5
Other operating income (expenses)	-9,748	975	-10,723	
Net operating income	**3,022,180**	**2,537,510**	**484,670**	**19.1**
Personnel expenses	-933,343	-886,055	47,288	5.3
Administrative expenses	-640,619	-658,362	-17,743	-2.7
Amortization of intangible assets and depreciation of property, plant and equipment	-112,860	-127,574	-14,714	-11.5
Operating expenses	**-1,686,822**	**-1,671,991**	**14,831**	**0.9**
Operating margin	**1,335,358**	**865,519**	**469,839**	**54.3**
Net provisioning for risks and charges	-22,042	-15,502	6,540	42.2
Net adjustments to loans	-304,137	-275,093	29,044	10.6
Impairment of securities	11,124	-8,431	19,555	
Profit (loss) on other investments	-18,243	5,458	-23,701	
Profit (loss) before tax from continuing operations	**1,002,060**	**571,951**	**430,109**	**75.2**
Taxes on income from continuing operations	-298,810	-19,072	279,738	
Profit (Loss) for the period	**703,250**	**552,879**	**150,371**	**27.2**

Reconciliation between the income statement and the Reclassified Income Statements

	31 Dec. 2023	31 Dec. 2022
Net interest income	**1,769,882**	**1,271,436**
30. Net interest income	1,716,982	1,264,947
40. Fee and commission income: of which Deposit Fees and Commissions	-	4,337
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	-874	-1
100. Profits (losses) on disposal or repurchase of: a) financial assets measured at amortized cost: o/w profit on disposal on inflation-lined BTP govies	40,273	-
100. Profits (losses) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income: of which profit on the disposal of inflation BTP	13,501	2,153
Net fee and commission income	**1,218,548**	**1,216,278**
60. Net fee and commission income	1,217,420	1,219,101
To deduct: Deposit fees and commissions	-	-4,337
To deduct: Fee and commission expenses on disposal of investments	648	893
200. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	480	621
Dividends and similar income = item 70	**14,200**	**15,708**
Financial income (loss)	**29,298**	**33,113**
80. Net profit (loss) on trading activities	14,667	27,824
90. Net profit (loss) on hedging activities	-8,897	-10,306
90. Net profit (loss) on hedging activities: of which amortized cost effect of hedging of debt instruments	874	1
100. Profits (losses) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	10,824	2,817
100. Profits (losses) on disposal or repurchase of: b) financial assets measured at fair value through other comprehensive income	26,007	14,744
To deduct: release of provision for impairment of securities measured at fair value through other comprehensive income	-2,149	-2,330
To deduct: gains on disposal of inflation BTP Italian Government securities	-13,501	-2,153
100. Profits (losses) on disposal or repurchase of: c) financial liabilities	-1,670	9,057
110. Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	2,566	-11,116
To deduct: b) other financial assets mandatorily measured at fair value of which measurement of financial instruments	577	4,575
Other operating income (expenses)	**-9,748**	**975**
200. Other operating expenses/income	379,757	331,144
To deduct: expenses recovered	-387,199	-328,491
To deduct: recovered expenses for the management of non-performing loans	-1,778	-1,177
To deduct: Commission income from Fast Loan Application Processing	-480	-621
To deduct: profit/losses from sublease contract under IFRS 16	-101	-
220. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	53	120
Net operating income	**3,022,180**	**2,537,510**
Personnel expenses = item 160 a)	**-933,343**	**-886,055**
Administrative expenses	**-640,619**	**-658,362**
160. Administrative expenses: b) other administrative expenses	-1,040,134	-998,967
To deduct: expenses for the management of non-performing loans	12,316	9,524
To deduct: fee on convertible DTA	-	2,590
200. Other operating expenses/income: of which expenses recovered	387,199	328,491
Depreciation and amortization	**-112,860**	**-127,574**
180. Net adjustments to/recoveries on property, plant and equipment	-114,160	-100,116

	31 Dec. 2023	31 Dec. 2022
To deduct: impairment/impairment recoveries on non-current assets held for investment/ IFRS 16 right of use	19,003	2,013
To deduct: impairment on assets held for sale under IFRS 5	3,433	-
190. Net adjustments to//recoveries on intangible assets	-21,136	-29,471
Operating expenses	**-1,686,822**	**-1,671,991**
Operating margin	**1,335,358**	**865,519**
Impairment on goodwill = item 240	**-**	**-**
Net provisions for risks and charges	**-22,042**	**-15,502**
170. Net provisioning for risks and charges; b) other net provisioning	-38,042	-15,502
To deduct: provision for loan management	16,000	-
Net adjustments to loans	**-304,137**	**-275,093**
100. Profits (losses) on disposal or repurchase of: a) financial assets measured at amortized cost	73,647	20,949
To deduct profits (losses) on disposal or repurchase of: a) securities classified as financial assets measured at amortized cost	-10,824	-2,817
To deduct: release of provision for impairment of securities measured at amortized cost	-9,528	-1,650
To deduct: gains on disposal of inflation BTP Italian Government securities	-40,273	-
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	-577	-4,575
130. Net adjustments for credit risk of: a) financial assets measured at amortized cost	-275,094	-274,685
To deduct: net adjustments for credit risk of: a) securities classified as financial assets measured at amortized cost	-1,048	8,709
140. Profits/Losses on contract modifications without derecognition	-7,495	-694
160. Administrative expenses: b) other administrative expenses: o/w expenses for the management of non-performing loans	-12,316	-9,524
200. Other operating expenses/income: of which recovered expenses for the management of non-performing loans	1,778	1,177
170. Net provisioning for risks and charges: a) commitments and guarantees given	-6,407	-11,983
170. Net provisioning for risks and charges: b) other net provisioning o/w provision for loan management	-16,000	-
Impairment of securities	**11,124**	**-8,431**
130. Net adjustments for credit risk to: a) o/w securities classified as financial assets measured at amortized cost	1,048	-8,709
130. Net adjustments for credit risk of: b) financial assets measured at fair value through other comprehensive income	-1,601	-3,702
100. Profits (losses) on disposal or repurchase of: a) of which impairment release on securities measured at amortized cost	9,528	1,650
100. Profits (losses) on disposal or repurchase of: a) of which impairment release on securities measured at fair value through other comprehensive income	2,149	2,330
Profit (loss) on other investments	**-18,243**	**5,458**
180. Net adjustments to/recoveries on property, plant and equipment: o/w impairment/ impairment recoveries on non-current assets held for investment/IFRS 16 right of use	-19,003	-2,013
180. Net adjustments to/recoveries on property, plant and equipment	-3,433	-
200. Other operating costs/income: o/w profit/losses from sublease contracts under IFRS 16	101	-
220. Gains (losses) on equity investments	1,896	5,405
To deduct: Price Adjustment on disposal of equity investments	-53	-120
50. Fee and commission expense: of which Fees and Commissions on disposal of investments	-648	-893
250. Profits (losses) on disposals of investments	2,897	3,079
Profit (loss) before tax from continuing operations	**1,002,060**	**571,951**
Taxes on income from continuing operations	**-298,810**	**-19,072**
270. Taxes on income from continuing operations	-298,810	-16,482
160. Administrative expenses: b) other administrative expenses: of which fee on convertible DTA	-	-2,590
Profit (Loss) for the period	**703,250**	**552,879**

Net operating

Net operating income hit 3,022 million Euros, growing by +19% YoY, driven by the increase in net interest income, up by +39.2% YoY, fostered by the commercial component and consistent with the yield curve performance. Fee and commission income proved stable (+0.2% YoY), with the traditional segment offsetting the decrease in fee and commission income from management and intermediation services.

Net interest income

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Business with customers	1,715,821	1,186,204	529,617	44.6
Business with banks	117,220	44,181	73,039	
Debt securities issued	-500,950	-61,976	438,974	
Financial assets held for trading	6	8	-2	-25.0
Assets measured at fair value	273	440	-167	-38.0
Securities measured at amortized cost	240,530	51,433	189,097	
Securities through other comprehensive income	134,377	22,945	111,432	
Other net interest income	62,605	28,201	34,404	
Net interest income	**1,769,882**	**1,271,436**	**498,446**	**39.2**

Net interest income came to 1,770 million Euros, up by 498 million Euros YoY driven by the widening of the commercial spread thanks to the benefit generated by the increase in interest rates, as a consequence of the 10 consecutive hikes by the ECB (from July 2022) of a total of +450 bps. The higher cost of funding was less marked on commercial funding – despite the remix towards forms entailing higher remuneration – than on institutional funding (TLTROIII loans and Covered bonds). The contribution of interest on deposits with the ECB and the security portfolio increased.

Dividend income

Dividend income came to 14.2 million Euros, mainly regarding the stake in the Bank of Italy for Euro 9.6 million.

Net fee and commission income

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- guarantees given and received	13,068	10,630	2,438	22.9
- collection and payment services	94,107	87,345	6,762	7.7
- current accounts	279,039	274,537	4,502	1.6
- debit and credit card services	81,862	65,423	16,439	25.1
Commercial banking business	**468,076**	**437,935**	**30,141**	**6.9**
- securities intermediation and placement	246,659	273,406	-26,747	-9.8
- intermediation in foreign currencies	7,053	7,514	-461	-6.1
- asset management	11,483	13,313	-1,830	-13.7
- distribution of insurance products	339,990	343,091	-3,101	-0.9
- other intermediation/management fee and commission income	65,702	60,828	4,874	8.0
Management, intermediation and advisory services	**670,887**	**698,152**	**-27,265**	**-3.9**
Other net fee and commission income	**79,585**	**80,191**	**-606**	**-0.8**
Total net fee and commission income	**1,218,548**	**1,216,278**	**2,270**	**0.2**

Fee and Commission Income came to 1,219 million Euros, stable YoY with positive performance in the commercial banking business, which offset the contribution from management, intermediation and advisory services being penalized by the increasing interest rates and by the instability in financial markets, in keeping with a strategy of balance between revenue components.

Specifically, the increase in transaction volumes and transactions made by customers generated an improvement in fee and commission income from collection and payment services (up by +7.7%), from keeping and managing current accounts (up by +1.6%) and from debit and credit card services (up by +25.1%). The management and intermediation business (-3.9%) was affected by the market scenario, which, for most of the year, penalized the in-force business and the placement of asset management products, to the benefit of assets under administration and the strengthening of direct funding from time deposits.

Financial income (loss)

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
Interest rates	4,404	16,480	-12,076	-73.3
Stocks	-	-89	-89	
Foreign exchange	10,263	11,433	-1,170	-10.2
Commodities		-	-	-
Total profits (losses) on financial assets held for trading	**14,667**	**27,824**	**-13,157**	**-47.3**
Total profit (losses) on assets held for hedging	**-8,023**	**-10,305**	**-2,282**	**-22.1**
Net profit (loss) on financial assets and liabilities measured at fair value	**3,143**	**-6,541**	**9,684**	
Total profit (losses) on securities recognized as assets and liabilities measured at amortized cost	**9,154**	**11,874**	**-2,720**	**-22.9**
Total profit (losses) on securities through other comprehensive income	**10,357**	**10,261**	**96**	**0.9**
Financial income (loss)	**29,298**	**33,113**	**-3,815**	**-11.5**

Total Financial Income (Loss) came to 29 million Euros, decreasing by 4 million Euros YoY.

This item was impacted by the negative effect of the activity on interest rates regarding the CVA/DVA of derivatives, against realized capital gains within the day-to-day purchase and sale activity on the portfolio of assets mandatorily measured at fair value.

Other operating income (expenses)

The Balance of the “Other operating income/expenses” item was negative by Euro 10 million, down by Euro -11 million vs. 2022.

Operating expenses

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- wages and salaries	-671,618	-675,871	-4,253	-0.6
- social security contributions	-176,127	-175,437	690	0.4
- other personnel expenses	-85,598	-34,747	50,851	
Personnel expenses	**-933,343**	**-886,055**	**47,288**	**5.3**
- general operating expenses	-56,163	-68,068	-11,905	-17.5
- IT services	-260,639	-262,974	-2,335	-0.9
- direct and indirect taxes	-160,107	-146,847	13,260	9.0
- real estate property management	-13,757	-12,181	1,576	12.9
- legal and other professional services	-18,898	-27,090	-8,192	-30.2
- advertising and promotion expenses	-19,248	-14,800	4,448	30.1
- indirect personnel expenses	-8,787	-8,601	186	2.2
- contributions to support the banking system	-101,038	-95,873	5,165	5.4
- other expenses	-389,181	-350,419	38,762	11.1
- expenses and charges recovered	387,199	328,491	58,708	17.9
Administrative expenses	**-640,619**	**-658,362**	**-17,743**	**-2.7**
- intangible assets	-21,136	-29,471	-8,335	-28.3
- property, plant and equipment	-91,724	-98,103	-6,379	-6.5
Depreciation and amortization	**-112,860**	**-127,574**	**-14,714**	**-11.5**
Operating expenses	**-1,686,822**	**-1,671,991**	**14,831**	**0.9**

Operating expenses came to Euro 1,687 million, up by 0.9% YoY; the personnel expenses component increased by Euro 47 million (+5.3% YoY), mainly because of the renewal of the relevant Italian national collective bargaining agreement, whereas administrative expenses and depreciation and amortization decreased by -2.7% and -11.5% respectively, benefiting from the fully operational synergies that resulted from Creval merger and from the efficiency enhancement actions, including facility management and geographical rationalization of the physical network.

Thanks to increasing income and costs under control, the Cost/Income ratio (net of the contributions to Bank Resolution Funds) hit 52.5% improving vs. 2022 by 8.4 percentage points.

Net provisions for risks and charges

Net provisions for risks and charges mostly regarded lawsuits brought against the Bank and revocatory actions and also include an estimate of the damage caused by the floods in Emilia-Romagna and Tuscany to the Bank’s branches and other premises.

Net adjustments to loans

	31 Dec. 2023	31 Dec. 2022	Changes	
			Absolute	%
- bad loans	-65,685	-59,781	5,904	9.9
- Unlikely to Pay	-150,071	-161,370	-11,299	-7.0
- Past-due loans	-4,847	-10,991	-6,144	-55.9
Non-performing loans	**-220,603**	**-232,142**	**-11,539**	**-5.0**
- Performing loans - stage 2	-89,587	-14,678	74,909	
- Performing loans - stage 1	47,069	-2,674	49,743	
Performing loans	**-42,518**	**-17,352**	**25,166**	
Net losses on impairment of loans	**-263,121**	**-249,494**	**13,627**	**5.5**
Profits/Losses on contract modifications without derecognition	-7,495	-694	6,801	
Measurement of financial instruments	-577	-4,575	-3,998	-87
Provision for loan management	-16,000	-	16,000	-
Expenses/recovered expenses for loan management	-10,536	-8,348	2,188	26.2
Net losses on impairments of guarantees and commitments	-6,408	-11,982	-5,574	-46.5
Net adjustments to loans	**-304,137**	**-275,093**	**29,044**	**10.6**

Net adjustments to Loans amounted to 304 million Euros (+10.6% YoY) resulting from lower cost on non-performing loans (down by -12 million Euros, -5.0%) and from a conservative and forestalling approach on performing loans, with higher provisioning by 25 million Euros due to reclassifications to stage 2 of buckets having higher forward-looking risk.

Profit on disposal of investments

Profits (losses) on disposals of investments came to -18 million Euros (down by Euro 24 million YoY) and this figure mostly resulted from the impairment on investment properties and the writedown of the rights of use of the assets that were disposed due to the geographical optimization of the physical network, partly offset by profits from the disposal of real estate assets and equity investments.

Profit (loss) before tax from continuing operations

Profit before taxes on continuing operations hit Euro 1,002 million, increasing by Euro 430 million vs. 2022 (+75%).

Taxes on income from continuing operations

Taxes on income from continuing operations amounted to approximately 299 mln Euros, vs. 16.5 million Euros in 2022, as the PY figure benefited by 146 million Euros from the effects of the tax realignment recognized on an one-off basis in the period. Therefore, the tax rate came to 29.82%, increasing vs. the 2022 real tax rate of 28.58%, obtained increasing the taxes for that FY by the realignment non-recurring effect.

Net income

The net book profit (loss) came to Euro 703 million, increasing by Euro 150 million vs. 2022.

Comprehensive income

		31 Dec. 2023	31 Dec. 2022
10.	**Profit (Loss) for the period**	**703,250**	**552,879**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	-9,741	7,283
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	-5,555	15,151
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured with the equity method:	-	-
	Other income components reclassified to profit or loss		
100	Hedges of investments in foreign operations	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	10,887	-22,317
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserves on equity investments measured with the equity method:	-	-
170.	**Total other comprehensive income after taxes**	**-4,409**	**117**
140.	**Comprehensive income (Item 10+170)**	**698,841**	**552,996**

Comprehensive income came to 699 million Euros and mainly consisted of the profit for the period (amounting to +703 million Euros) and of the fair value changes of assets directly recognized in equity reserves, which report a total negative impact of 4 million Euros, resulting from a negative contribution of 10 million Euros from equity securities designated at fair value through other comprehensive income, and of 6 million Euros from defined-benefit plans, whereas financial assets (other than equity securities) measured at fair value through other comprehensive income gave a positive contribution of 11 million Euros.

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

OTHER INFORMATION

FLOODS IN EMILIA ROMAGNA - TUSCANY - NORTHEAST ITALY: ACTIONS AND INITIATIVES TO SUPPORT THE COMMUNITIES AND OUR CUSTOMERS

Following the floods that hit Emilia Romagna in May 2023 and the other natural disasters that hit several Italian Regions during the year (for example, Lombardy, Veneto, Friuli-Venezia Giulia, and Tuscany), the Crédit Agricole Group in Italy deployed a structured pan of action to support the communities and areas concerned.

One of the most significant initiatives was the allocation of an amount of 300 million Euros to be used to provide support to the several Italian Regions that were hit by natural disasters in the first half of the year, with special regard to Emilia Romagna, and of yet another amount of 200 million Euros specifically earmarked for support to Tuscany subsequent to the weather emergency that hit it.

The actions consisted in making available credit lines at subsidized terms and conditions and with a streamlined origination procedure in order to foster immediate resumption of productive activities and to provide the businesses based in the area with the necessary liquidity. Furthermore, a fundraising campaign in favour of the Italian Red Cross went live on CrowdForLife, CA Italia's crowdfunding portal, for projects aimed at helping the communities hit by the floods, to which all the companies of the Crédit Agricole Group in Italy contributed, doubling the donations made by their customers, personnel and by members of the public.

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

- To respond to the weather emergency that hit Emilia-Romagna, It suspended the repayment of loan instalments falling due in May and June, in accordance with the. "Flood Decree-law" of 1 June 2023, informing its customers of the adopted measure in the shortest time possible and giving them the possibility to opt for alternative solutions;
- It complied with the provisions resulting from the "Flood Decree-law" being converted into law on 31 July 2023, whereby the Government extended the measure to enterprises having registered office, operational headquarters or local units in the provinces hit by the flood (Reggio Emilia, Modena, Bologna, Ferrara, Ravenna, Forlì-Cesena and Rimini);
- In addition to the measures already contractually established for borrowers, It gave all its Customers (Individuals, Households and Corporations) the possibility to suspend, for up to 12 months, the repayment of mortgage loans, loans and leases concerning buildings and land that had to be cleared as not usable because of the flood, in accordance with the "Head of the Civil Protection Department Order" OCDPC no. 992 of 8 May 2023 later supplemented by the "Head of Civil Protection Department Order" OCDPC no. 997 and no. 1003.

These actions entailed the suspension of repayment of nearly 6,500 loans, for over 4,500 Customers and for a total amount in excess of 600 million Euros.

Caring for Customers whose homes or businesses suffered damage caused by disaster events is held as a priority by the Crédit Agricole Italia Banking Group, which, through a highly skilled task force, manages the implementation of the measured provided for by the law supplementing them with measures at its own initiative, reducing time to measure activation thanks to IT solutions being promptly implemented.

LE VILLAGE BY CA

The Le Village by CA project is an initiative that was devised and started in France in 2014 by the *Fédération Nationale du Crédit Agricole*, pursuing the goal of creating an innovation ecosystem at an international level involving startups, large companies and all the Entities of the Crédit Agricole Group. The ecosystem has been growing at a fast pace and today it is one of the most important innovation networks in Europe.

In this scope, Crédit Agricole Italia promoted the opening of a new Village, in order to extend the international innovation ecosystem to the Province of Sondrio and the Lombardy highlands, a strategic area. In May 2023 a NewCo was incorporated and named "Le Village by CA delle Alpi Società Benefit S.r.l.", based in Sondrio, a subsidiary of Crédit Agricole Italia (76.56%) the other shareholders of which are Fondazione Pro Valtellina Onlus and Crédit Agricole Vita. Le Village by CA delle Alpi was opened in early February 2024.

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

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

GEOGRAPHICAL RATIONALIZATION OF THE PHYSICAL NETWORK

For a few years the banking system is facing a market scenario of higher and higher customer digitalization with more and more transactions and interaction on digital channels, especially as regards payments, with the consequent decrease in visits to physical branches. Nonetheless, at the same time the human factor remains key and fundamental in managing the trust relationship and in providing advisory services on complex needs, such as asset management, insurance and mortgage loans.

In such a scenario, within the wider 2023-2025 Medium Term Plan, a rationalization plan has been designed entailing the revision of the commercial network towards a leaner and differentiated geographical coverage model that is tailor-made on each region's specific features: fewer but larger-sized branches, focus on higher potential areas, maximization of the synergies between commercial channels.

Specifically, the Network optimization plan implemented in 2023 was defined after a thorough analysis covering the performances of the Branches, the characteristics of the region and logistical aspects and resulted in the rationalization of 106 Retail banking Branches, the revision of the service model of 20 branches, which were turned into Points of Contact), and the go-live of some HUBS to foster synergies between Commercial Channels (Ancona, Trento, Udine) meeting the demand of Customers that prefer the service provided by larger-sized branches that can rely on higher specialization. The activity went alongside the implementation of a specific "Customer Strategy" aimed at mitigating any inconvenience for Customers and churn risk.

COVERED BONDS

In 2023 Crédit Agricole Italia presented two Covered Bond issued in the Premium format and compliant with the latest EU legislation to the market. The first issue took place in June and had an amount of 1 billion Euros and 6.5-year maturity, while for the second one had a sole subscriber, the European Investment Bank (EIB), an amount of 400 million Euros and 5-year maturity.

EXTRAORDINARY TAX ON NET INTEREST INCOME (WINDFALL TAX)

Article 26 of Italian Decree-law 104/2026, as converted with amendments by Italian Law no. 136 of 9 October 2023 established a windfall tax applying to 2023 for banks (non-deductible from the corporate income tax and Italian Regional Tax on Productive Activities tax bases) to be calculated with a 40% rate on the amount of interest income recognized at item 30 of the income statement - Net interest income, for FY 2023, which exceeds by at least 10 percent the same figure recognized in FY 2021.

It also rules that the tax shall not exceed 0.26% of the individual total risk exposure amount determined in accordance with Article 92 (3) and (4) of Regulation (EU) 575/2013 as recognized in the 2022 Annual Report and Financial Statements.

The tax, which shall be paid by 30 June 2024, shall not be due if, upon the approval of its 2023 Annual Report and Financial Statements, the Bank decides to allocate part of its net income to an undistributable reserve (which is eligible as common equity tier 1 for the calculation of capital requirements in accordance with the aforementioned Regulation) of at least two and a half times the payable amount of the tax; if, in the future, the reserve is distributed, the tax shall be paid increased by accrued interest on an annual basis at the ECB deposit facility rate.

Based on the Italian law, the estimated amount of the tax, calculated considering the 2021 net interest income recognized in the financial statements of the banks of the Crédit Agricole Italia Banking Group, which were merged in the meantime, is about 153 million Euros.

As the tax has a cap at 0.26% of lenders' risk-weighted assets on an individual basis and as that figure for Crédit Agricole Italia is approximately 33.4 billion Euros, in any case the tax amount cannot be higher than about 87 million Euros, precisely than Euro 86,940,097.

As an alternative to paying the tax, a net income amount of at least Euro 217,350,243.00 shall be allocated to the specific reserve.

No provision has been set aside for the windfall tax considering that the relevant resolution was submitted along with the 2023 Annual Report and Financial Statements to the General Meeting for approval, and assuming that the resolution will be approved as it proposes that a consistent amount of earnings be allocated to the specific non-distributable reserve, also meeting capital strengthening purposes, and considering also that there are no elements that may foreshadow any future distribution of the reserve.

SETTING UP OF THE CRONOS VITA ASSICURAZIONI S.P.A. NEW INSURANCE COMPANY

In 2023 Credit Agricole Italia was one of the intermediaries that actively participated in the industry-driven solution to the difficulties being experienced by insurer Eurovita SpA, as an intermediary having business in force with that insurer being run off amounting to approximately 370 million Euros, which resulted from the banks Crédit Agricole Italia acquired in the past, as it never had any distribution agreements with Eurovita SpA.

The solution entailed the transfer of a business unit from Eurovita S.p.A. to Cronos Vita Assicurazioni S.p.A., a new company that was set up thanks to 5 leading Insurance Companies and to 30 Banks, under the oversight of the competent Supervisory Authorities, the Italian Ministry of the Economy and Finance and of the Enterprises and Made in Italy one.

The pursued goals was to protect policyholders and, at the same time, to give each one of them the opportunity to manage their portfolio within a company held by strong Italian and international insurance players.

Therefore, effective as of November 1, having obtained the necessary authorizations, Cronos Vita Assicurazioni S.p.A took over Eurovita SpA's in-force business portfolio,with no modification in the policy contractual terms and conditions for customers. The transfer took place in full respect for the trust relationship between customers and distributors and with full continuation of the relationship for individual customers, who will benefit from the strength of the top five players in the industry and from the terms and conditions stipulated upon the policy signing in their entirety.

Crédit Agricole Italia supported the solution committing to giving a contribution of 307 million Euros in two tranches:

- Loan to the NewCo Cronos Vita Assicurazioni S.p.A as one of the 28 Distributor Banks at market rates (3.92%) recognizing interest income on an accrual basis over its 8-year maturity. The drawn amounts in the credit limes are defined in accordance with the policies progressively surrendered by customers. The loan amount is at the most 70% of the value of the in-force business. For CAI the policies in force amounted to 367 million Euros and, therefore, their full surrender would determine a loan of 257 million Euros;
- A syndicated loan to the NewCo Cronos Vita Assicurazioni S.p.A given by six Banking System players (Crédit Agricole Italia, Intesa, BPER, Banco, MPS, Mediobanca), to support the distributor banks that were not able to cover 70% of their portion of the insurer's in-force business. The syndicated loan is at market rates (IRS 8Y + 100bps secured, IRS 8Y + 200bps unsecured). Crédit Agricole Italia contributed with 50 million Euros over a total of 1 billion Euros.

DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

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

RESEARCH AND DEVELOPMENT

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

RISKS AND UNCERTAINTIES

The risk monitoring, management and control policies continue to be key pivots on which, in the present and future scenario, Banks must measure themselves both against each other and against domestic and international markets.

Crédit Agricole Italia's governance bodies continue to give high and constant attention to sustainable development and growth, through close monitoring of the risk the Bank is exposed to, considering also the effects of the uncertainty about the macroeconomic evolution and the complex geopolitical situation. These issues may indeed generate impacts on the financial, cash flow and profit or loss structure that the Bank is required to manage and keep at acceptable levels, in order to protect savings (and thus its Customers' trust) and lending (healthy drivers of growth).

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

Although in the first months of the year the economy posted lively growth thanks to the favourable economic situation, recovery proved weak and uneven, albeit exceeding expectations. Central Banks continued with their restrictive approach started in 2022 through constant interest rate hikes, concentrated in the first nine months of 2023, albeit with lower intensity than in the past, in order to bring inflation back to the set target, with special attention to the repercussions on the real economy and financial stability.

Although generating a positive impact in bringing inflation under control, especially in the Euro Area these policies limited domestic demand, slowing down consumption, impacting on the expenses of households and businesses, thus affecting their repayment ability, and causing general stagnation in the last quarter of 2023. In this scenario, lending slowed down quite markedly, due to the increase in interest rates, which affected demand, and to more restrictive credit supply.

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

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

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

TREASURY SHARES

Crédit Agricole Italia holds 6,017 treasury shares.

For more information on equity, please see the Notes to the Financial Statements.

SOCIAL RESPONSIBILITY

The non-financial data and information of the Crédit Agricole Italia Banking Group are part of the Consolidated Non-Financial Statement prepared by the Parent Company Crédit Agricole S.A.; therefore, the Crédit Agricole Italia Banking Group would be entitled to the exemption pursuant to Article 6 of Italian Legislative Decree No. 254 of 30 December 2016 (hereinafter "D.Lgs. 254/2016") for reporting entities that belong to a Group that prepares a Consolidated Non-Financial Statement. Nevertheless, in agreement with the Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group decided not to opt for the exemption provided for by the aforementioned Article 6 of D.Lgs 254/2016 and has prepared its Consolidated Non-Financial Statement (NFS) as at 31 December 2023 in compliance with D.Lgs. 254/2016.

Crédit Agricole Italia decided to opt for the exemption provided for by Article 6 of D.Lgs. 254/2016 and not to prepare its separate Non-Financial Statement, in its capacity as a public Interest Entity (PIE) falling in the scope of D.Lgs. 254/2016 whose non-financial data and information are included in the consolidated Non-Financial Statement prepared by the Crédit Agricole Italia Banking Group.

The Non-Financial Statement of the Crédit Agricole Italia Banking Group reports the Crédit Agricole Italia's activities as at 31 December 2023 and is a stand-alone document separated from the Management Report, but an integral part of the 2023 Annual Report and Financial Statements The NFS reports information relating to environmental matters, social and employee-related matters, respect for human rights, fight against active and passive corruption, as relevant in accordance with the features of the Companies of the Crédit Agricole Italia Banking Group, for full disclosure and reporting on them and on the resulting impacts.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE - INFORMATION PURSUANT TO ARTICLE 123-*BIS* PARAGRAPH 2, LETTER B) OF ITALIAN LEGISLATIVE DECREE NO. 58/98 (THE ITALIAN CONSOLIDATED ACT ON FINANCE -TUF)

For the Report on corporate governance and ownership structure, please refer to the Annual Report and Consolidated Financial Statements of the Crédit Agricole Italia Banking Group.

PROPOSAL TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

The Annual Report and Financial Statements for the financial year from 1 January to 31 December 2023, submitted for your examination, consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, the Notes to the Financial Statements, as well as of the Annexes, and are accompanied by the Management Report.

Having recalled that:

- Article 26 of Italian Decree-law no. 104 of 10 August 2023, as converted with amendments by Italian Law no. 136 of 9 October 2023 established a windfall tax applying to 2023 for banks to be calculated with a 40% rate on the amount of interest income recognized at item 30 of the income statement - Net interest income, for FY 2023, which exceeds by at least 10 percent the same figure recognized in FY 2021;
- It also rules that the tax shall not exceed 0.26% of the individual total risk exposure amount determined in accordance with Article 92(3) and (4) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 as recognized in the 2022 Annual Report and Financial Statements;
- The tax, which shall be paid by 30 June 2024, shall not be due if, upon the approval of its 2023 Annual Report and Financial Statements, the Bank decides to allocate part of its net income to an undistributable reserve (which is eligible as common equity tier 1 for the calculation of capital requirements in accordance with the aforementioned Regulation) of at least two and a half times the payable amount of the tax; if, in the future, the reserve is distributed, the tax shall be paid increased by accrued interest on an annual basis at the ECB deposit facility rate;
- Considering that the tax theoretically due, applying the aforementioned limit of 0.26% of the individual total risk exposure, would amount to Euro 86,940,097.16 and that, as an alternative to paying the tax, a net income amount of at least Euro 217,350,243.00 shall be allocated to the specific reserve.

In order to appropriately boost capital buffers, we believe that it would be preferable to opt for allocating the required amount of net income to the specific reserve.

Considering the above, that the legal reserve already amounts – in accordance with Article 2430 of the Italian Civil Code – to one fifth of the share capital, pointing out that the annual report and financial statements submitted for your approval have been prepared assuming that the proposal for the above-described specific reserve for the windfall tax would be approved and that consequently no extraordinary tax provision has been set aside, the proposal for the allocation of net income for the period amounting to Euro 703,249,776 is as follows:

The proposal for the allocation of net income for the period amounting to Euro 703,249,776 is as follows:

To the fund for charity and support to social and cultural initiatives	2,300,000
To reserve under Article. 26, para. 5-bis, of Italian Decree-Law 104/2023	217,350,243
To the Shareholders in an amount of Euro 0.3264 to each one of the 1,102,071.064 outstanding ordinary shares(*)	359,715,995
To extraordinary reserve	123,883,538

(*) To the treasury shares held by the Bank as at the ex-dividend date no dividend shall be due and the related amount shall be allocate to extraordinary reserve.

In accordance with the applicable legislation, the dividend shall be payable effective from 06 May 2024 and with ex-coupon date on 02 May 2024.

Parma, 19 March 2024

The Chairman of the Board of Directors
Ariberto Fassati

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

1. The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Débourdeaux, Senior Manager in charge of the preparation of the company accounting statements of Crédit Agricole Italia S.p.A., hereby certify, considering also the provisions of article 154-bis, paragraphs 3 and 4, of legislative decree No. 58 of 24 February 1998:
   - the adequacy in relation to the company's characteristics and
   - the actual application of the administrative and accounting procedures for the formation of the financial statement during the course of the 2023 financial year.

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

3. The undersigned certify also that:

   3.1 The report and financial statements as at 31 december 2023:

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

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

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

   3.2 The management report includes a reliable analysis on the management trend and performance, as well as of the issuer's situation and a description of the major risks and uncertainties to which it is exposed.

Parma, 19 March 2024

Giampiero Maioli

Chief Executive Officer

Pierre Débourdeaux

Chief Financial Officer and
Senior Manager in charge
of the preparation of the
Company accounting statements

INDEPENDENT AUDITORS' REPORT

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

To the shareholders of Crédit Agricole Italia SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crédit Agricole Italia SpA (Company or Bank), which comprise the balance sheet as of 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in equity items, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of the book value of goodwill arising from business combinations *Notes to the financial statements* *Part A – Accounting policies* *Part B – Information on the Balance Sheet, Section 9 of the assets* As of 31 December 2023, the book value of goodwill arising from business combinations carried out by the Bank in previous years was equal to Euro 1,316 million. The directors assess the recoverable value of goodwill, at least annually (impairment test). Such assessment, aimed at identifying any impairment losses, is based, pursuant to IAS 36 "Impairment of assets", on the comparison between the book value and the higher of fair value less costs to sell and the value in use of the Cash Generating Unit or CGU. The estimate of the value in use of the CGU was carried out using the Dividend Discount Model, in the excess capital version. This method, which is consolidated and recognised in the prevailing practice, requires the use of information, parameters and assumptions, which were also developed with the support of the parent company Crédit Agricole S.A.. The determination of the recoverable value of the assets subject to impairment test requires the directors to make estimates that, by their nature, contain significant elements of professional judgement with particular reference to expected cash flows. For the reasons set out above, we considered the recoverability of the book value of goodwill arising from business combinations to be a key audit matter of the financial statements as of 31 December 2023.	During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements. Specifically, we carried out the following main activities, also with the support of the PwC network experts in business valuation: • understanding and evaluating the process and methodology adopted by the directors to perform the impairment test; • verifying the consistency of the evaluation method adopted with the requirements of IAS 36, taking also into account the market practice; • assessing the reasonableness of the forecast data used to determine the prospective cash flows of the identified CGU, as well as the data consistency with the forecast plans; • critical examination of the reasonableness of the main assumptions used by the directors in the evaluation process, also by checking with external data where available, the main quantitative parameters (cost of capital, discount and growth rates) used to determine the recoverable amount of the CGU; • checking the accuracy of the mathematical calculations underlying the valuation models used and their correctness; • evaluating the results of the sensitivity analyses carried out by the directors in order to determine the changes in the main assumptions which could impact on the evaluation of the recoverable value of goodwill; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the requirements of

	international accounting standards and the applicable regulatory framework, as well as the communications of the Supervisory Authorities.

Recoverability of "non-convertible" deferred tax assets

Notes to the financial statements
Part A – Accounting policies
Part B – Information on the Balance Sheet, Section 10 of the assets
Part C – Information on the Income Statement, Section 19

As of 31 December 2023, the line item 100 b) "Deferred tax assets" included Deferred Tax Assets (hereinafter also "DTAs") for an amount equal to Euro 1,376 million, of which Euro 780 million represented by tax assets which are not convertible pursuant to Law 214/2011.

The directors carry out the periodic assessment of the recoverability of the DTAs through the performance of the probability test aimed at verifying, in accordance with IAS 12 "Income Taxes", the availability of sufficient future taxable income, also in consideration of the Bank's participation in the tax consolidation regime of the Crédit Agricole S.A. Group in Italy.

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

For the reasons set out above, we considered the recoverability of the "non-convertible" deferred tax assets pursuant to Law 214/2011 to be a key audit matter of the financial statements as of 31 December 2023.

During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements.
In particular, in order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts:

- understanding and evaluating the process and methodology adopted by the directors to perform the probability test;
- verifying the consistency of the methodology adopted with the requirements of IAS 12, taking also into consideration the professional practice, as well as the communications and recommendations of the Supervisory Authorities;
- assessing the reasonableness of the main qualitative and quantitative assumptions adopted for preparing the probability test based on the applicable tax framework;
- verifying the consistency of the income flows behind the probability test with those used in other relevant valuation processes;
- verifying the accuracy of the mathematical calculations underlying the probability test and their correctness;
- evaluating the results of the sensitivity analyses carried out by the directors on the recoverability of the DTAs when the parameters adopted change;
- verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the

requirements of international accounting standards and the applicable regulatory framework, as well as the communications and recommendations issued by the Supervisory Authorities.

Valuation of performing loans to customers measured at amortized cost

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

As of 31 December 2023, performing loans to customers (Stage 1 and 2) amounted to Euro 62,882 million representing 90.7 per cent of line item "*40 b) Financial assets measured at amortized cost – loans to customers*", and corresponding to 67 per cent of total assets of the financial statements.

Net losses for credit risk on these loans recognised during the year amounted to Euro 42.7 million and are the best estimate made by the directors in order to recognise the expected credit losses (ECL) related to the customer loan portfolio at the balance sheet date, based on applicable accounting standards.

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

For the current year, these estimation processes were affected by some methodological updates

During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements.
In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts:

- analysing the adequacy of the IT environment and verifying the operational effectiveness of the relevant controls governing the IT systems and applications used by the Bank for loan assessment purposes;
- understanding and evaluating the design of relevant controls in the areas of loan monitoring, classification and evaluation and verifying the operational effectiveness of such controls;
- procedures of comparative analysis of the performing loans to customers and of the related hedging indices, including by comparison with the previous periods' figures and with sector information;
- understanding and verifying the appropriateness of the policies, procedures and models used, as well as the updates, for measuring SICR, staging and determining ECL;
- understanding and verifying the methods to determine the main estimation parameters used in the models for calculating the ECL, in light also of the refinements and updates introduced during the year. In particular, we verified the reasonableness of the estimates made by the directors in defining the expected macroeconomic scenarios, as well as the post-model adjustments applied and

compared to the previous year. In particular, in addition to the ordinary process of updating the input data and refining the risk parameters, the Bank, in agreement with the parent company Crédit Agricole S.A., also introduced additional qualitative criteria of allocation to the different stages and post-model adjustments. All this was considered necessary in order to improve the predictive capacity of the models in use, to factor in the uncertainties of the macro-economic context, as well as to factor in certain additional risk elements that were not adequately captured by the models currently used. In view of the significance of the book value, as well as the complexity of the processes and methodologies adopted, and taking also into account the refinements and updates made to the criteria and methods used during the year, we considered the valuation of performing loans to customers measured at amortized cost to be a key audit matter of the financial statements as of 31 December 2023.	related reasonableness; • verification of the correct application of the valuation criteria defined for loans classified as performing, the completeness and accuracy of the databases used to calculate the ECL, and the accuracy for calculating the risk parameters; • verification, on a sample basis, of the reasonableness of the classification under performing loans on the basis of information on the debtor status and other available evidence, including external evidence; • evaluation of the results of the sensitivity analyses carried out by the directors on the ECL against the macroeconomic scenarios affecting the risk parameters of the models used; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the requirements of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.

Valuation of non-performing loans to customers measured at amortized cost *Notes to the financial statements* *Part A – Accounting policies* *Part B – Information on the Balance Sheet, Section 4 of the assets* *Part C – Information of the Income Statement, Section 8* *Part E - Information on risks and relative hedging policies – Section 1* As of 31 December 2023, non-performing loans to customers (stage 3) showed a balance of Euro 1,004 million corresponding to 1.4 per cent of line item "*40 b) Financial assets measured at amortized cost – loans to customers*". Net losses for credit risk on these loans recognised during the year amounted to Euro	During the performance of our audit, we considered the internal control system relevant to the preparation of the financial statements. In order to address such key audit matter, we carried out the following main activities, also with the support of the PwC network experts: • analysis of the adequacy of the IT environment and verification of the operational effectiveness of the relevant controls governing the IT systems and applications used for loan assessment purposes; • understanding and evaluating the design of relevant controls in the area of loan

233.6 million and represent the best estimate made by the directors in order to adjust the expected losses relating to the loan portfolio at the reporting date on the basis of the applicable accounting standards. The estimation processes and valuation methods are characterised by high complexity and a high degree of professional judgement requiring the estimate of numerous variables; the use of significant assumptions is particularly relevant to the estimation of expected future cash flows, their timing and the realisable value of collaterals, if any. In view of the significance of the book value of non-performing loans, the complexity of the processes and methodologies adopted and taking into account the high subjectivity of the assumptions and hypotheses, we considered the valuation of the loans at issue to be a key audit matter of the financial statements as of 31 December 2023.	monitoring, classification and evaluation and verifying the operational effectiveness of such controls; • understanding and verifying the appropriateness of the valuation policies adopted by the Bank; • procedures of comparative analysis of loans to customers and related hedging indices, including by comparison with the previous periods' figures and with sector information; • verifying, on a sample basis, the reasonableness of classification of the selected positions under non-performing loans, based on information regarding the debtor status and other available evidence, including external evidence. Additionally, analyses were carried out on the assumptions made with particular reference to the identification and quantification of future cash flows expected from recovery activities and the valuation of the guarantees covering such exposures; • verifying the completeness and adequacy of the disclosure provided by the directors in the notes to the financial statements in accordance with the requirements of international accounting standards and the applicable regulatory framework, as well as the communications issued by the Supervisory Authorities.

Other Matters

The Company as required by law, has included in the notes to the financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of Crédit Agricole Italia SpA does not extend to those figures.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and article 43 of Legislative Decree No. 136/15 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

On 28 April 2021, the shareholders of Crédit Agricole Italia SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

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

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Crédit Agricole Italia SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Crédit Agricole Italia SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Crédit Agricole Italia SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Crédit Agricole Italia SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 5 April 2024

PricewaterhouseCoopers SpA

Signed by

Raffaella Preziosi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

FINANCIAL STATEMENTS

BALANCE SHEET

Assets		31 Dec. 2023	31 Dec. 2022
10.	Cash and cash equivalents	10,383,271,686	2,875,997,217
20.	Financial assets measured at fair value through profit or loss	351,516,894	518,710,525
	a) financial assets held for trading	198,490,863	331,981,829
	c) other financial assets mandatorily measured at fair value	153,026,031	186,728,696
30.	Financial assets measured at fair value through other comprehensive income	3,865,220,988	3,516,495,984
40.	Financial assets measured at amortized cost	71,631,909,311	81,364,404,927
	a) due from banks	2,331,656,702	5,523,334,015
	b) Loans to Customers	69,300,252,609	75,841,070,912
50.	Hedging derivatives	863,647,208	1,318,646,124
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	-328,603,257	-607,952,920
70.	Equity investments	193,393,383	201,023,496
80.	Property, Plant and Equipment	1,060,113,417	1,161,326,911
90.	Intangible assets	1,410,420,055	1,431,556,223
	- of which goodwill	1,315,925,274	1,315,925,274
100.	Tax assets	1,988,835,876	2,719,734,329
	a) current	612,560,954	1,064,236,238
	b) deferred	1,376,274,922	1,655,498,091
110.	Non-current assets held for sale and discontinued operations	9,104,327	-
120.	Other assets	2,471,744,982	1,774,224,451
Total assets		**93,900,574,870**	**96,274,167,267**

Liabilities and Equity		31 Dec. 2023	31 Dec. 2022
10.	Financial liabilities measured at amortized cost	81,789,029,047	83,673,491,689
	a) Due to banks	5,221,912,860	11,059,726,859
	b) Due to Customers	61,974,657,969	62,215,170,574
	c) Debt securities issued	14,592,458,218	10,398,594,256
20.	Financial liabilities held for trading	198,241,205	329,048,608
40.	Hedging derivatives	2,139,540,183	3,815,534,067
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	-791,351,178	-1,491,822,497
60.	Tax liabilities	273,324,927	307,487,497
	a) current	228,397,888	248,156,117
	b) deferred	44,927,039	59,331,380
80.	Other liabilities	1,640,213,092	1,291,325,643
90.	Employee severance benefits	86,587,780	94,308,596
100.	Provisions for risks and charges	572,312,581	573,091,388
	a) commitments and guarantees given	78,920,545	72,517,108
	b) post-employment and similar obligations	30,642,792	24,020,276
	c) other provisions for risks and charges	462,749,244	476,554,004
110.	Valuation reserves	-58,992,972	-54,583,512
130.	Equity instruments	815,000,000	815,000,000
140.	Reserves	1,935,977,337	1,770,262,079
150.	Share premium reserve	3,495,378,045	3,496,073,455
160.	Capital	1,102,071,064	1,102,071,064
170.	Treasury shares (-)	-6,017	-
180.	Profit (Loss) for the period (+/-)	703,249,776	552,879,190
Total liabilities and equity		**93,900,574,870**	**96,274,167,267**

INCOME STATEMENT

Items		31 Dec. 2023	31 Dec. 2022
10.	Interest and similar income	3,185,296,048	1,346,341,044
	Of which: interest income calculated with the effective interest method	3,178,723,436	1,340,758,349
20.	Interest and similar expense	(1,468,314,058)	(81,393,802)
30.	**Net interest income**	**1,716,981,990**	**1,264,947,242**
40.	Fee and commission income	1,267,069,232	1,267,627,944
50.	Fee and commission expense	(49,649,202)	(48,527,290)
60.	**Net fee and commission income**	**1,217,420,030**	**1,219,100,654**
70.	Dividends and similar income	14,199,886	15,707,837
80.	Net profit (loss) on trading activities	14,666,737	27,823,672
90.	Net profit (loss) on hedging activities	(8,896,922)	(10,306,222)
100.	Profits (losses) on disposal or repurchase of:	97,983,249	44,749,465
	a) financial assets measured at amortized cost	73,646,512	20,948,562
	b) financial assets measured at fair value through other comprehensive income	26,006,975	14,743,616
	c) financial liabilities	(1,670,238)	9,057,287
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	2,565,560	(11,115,527)
	b) other financial assets mandatorily measured at fair value	2,565,560	(11,115,527)
120.	**Net banking income**	**3,054,920,530**	**2,550,907,121**
130.	Net losses/recoveries for credit risk on:	(276,695,263)	(278,386,926)
	a) financial assets measured at amortized cost	(275,093,803)	(274,685,275)
	b) financial assets measured at fair value through other comprehensive income	(1,601,460)	(3,701,651)
140.	Profits/Losses on contract modifications without derecognition	(7,495,410)	(693,861)
150.	**Net financial income (loss)**	**2,770,729,857**	**2,271,826,334**
160.	Administrative expenses:	(1,973,476,522)	(1,885,022,942)
	a) personnel expenses	(933,342,881)	(886,055,444)
	b) other administrative expenses	(1,040,133,641)	(998,967,498)
170.	Net provisions for risks and charges	(44,449,090)	(27,484,604)
	a) commitments and guarantees given	(6,407,381)	(11,982,619)
	b) other net provisions	(38,041,709)	(15,501,985)
180.	Net adjustments to/recoveries on property, plant and equipment	(114,159,433)	(100,115,864)
190.	Net adjustments to//recoveries on intangible assets	(21,136,168)	(29,470,564)
200.	Other operating expenses/income	379,758,085	331,144,516
210.	**Operating costs**	**(1,773,463,128)**	**(1,710,949,458)**
220.	Gains (losses) on equity investments	1,895,865	5,405,043
250.	Profits (losses) on disposals of investments	2,897,002	3,078,814
260.	**Profit (Loss) before tax from continuing operations**	**1,002,059,596**	**569,360,733**
270.	Taxes on income from continuing operations	(298,809,820)	(16,481,543)
280.	**Profit (Loss) after tax from continuing operations**	**703,249,776**	**552,879,190**
300.	**Profit (Loss) for the period**	**703,249,776**	**552,879,190**

STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2023	31 Dec. 2022
10.	**Profit (Loss) for the period**	**703,249,776**	**552,879,190**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	(9,740,760)	7,283,269
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	(5,555,812)	15,151,645
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured with the equity method:	-	-
	Other income components reclassified to profit or loss		
100.	Hedging of investments in foreign operations:	-	-
110.	Foreign exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	10,887,112	(22,316,774)
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Share of valuation reserves on equity investments measured with equity method:	-	-
170.	**Total other comprehensive income after taxes**	**(4,409,460)**	**118,140**
180.	**Comprehensive income (Item 10+170)**	**698,840,316**	**552,997,330**

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

STATEMENT OF CHANGES IN EQUITY ITEMS 31 DECEMBER 2023

	Capital: ordinary shares	Share premium reserve	Reserves:		Valuation reserves	Equity instruments	Treasury shares	Profit (Loss) for the period	Equity
			Retained earnings reserves	other					
EQUITY AS AT 31 DEC. 2022	**1,102,071,064**	**3,496,073,455**	**1,767,081,339**	**3,180,740**	**-54,583,512**	**815,000,000**	**-**	**552,879,190**	**7,681,702,276**
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY									
Reserves	-	-	250,695,446	-	-	-	-	-250,695,446	-
Dividends and other allocations	-	-	-	-	-	-	-	-302,183,744	-302,183,744
CHANGES IN THE PERIOD									
Changes in reserves	-	-	206,044	-	-	-	-	-	206,044
Transactions on equity									
Issues of new shares	-	-695,410	-	-	-	-	-	-	-695,410
Purchase of treasury shares	-	-	-	-	-	-	-6,017	-	-6,017
Extraordinary dividend distribution	-	-	-	-	-	-	-	-	-
Change in equity instruments	-	-	-85,511,184	-	-	-	-	-	-85,511,184
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	324,952	-	-	-	-	324,952
Comprehensive income	-	-	-	-	-4,409,460	-	-	703,249,776	698,840,316
EQUITY AS AT 31 DEC. 2023	**1,102,071,064**	**3,495,378,045**	**1,932,471,645**	**3,505,692**	**-58,992,972**	**815,000,000**	**-6,017**	**703,249,776**	**7,992,677,233**

STATEMENT OF CHANGES IN EQUITY ITEMS 31 DECEMBER 2022

	Capital: ordinary shares	Share premium reserve	Reserves: Retained earnings reserves	Reserves: other	Valuation reserves	Equity instruments	Profit (Loss) for the period	Equity
EQUITY AS AT 31 DEC. 2021	**979,283,340**	**3,118,688,309**	**1,591,564,582**	**419,963,143**	**-48,666,017**	**815,000,000**	**-71,836,243**	**6,803,997,114**
ALLOCATION OF NET PROFIT FOR THE PREVIOUS FY								
Reserves	-	-	-71,836,243	-	-	-	71,836,243	-
Dividends and other allocations	-	-	-	-	-	-	-	-
CHANGES IN THE PERIOD								
Changes in reserves	-	-	472,542,312	-416,897,352	-6,035,635	-	-	49,609,325
Transactions on equity								
Issues of new shares	122,787,724	377,385,146	-	-	-	-	-	500,172,870
Purchase of treasury shares	-	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-166,000,098	-	-	-	-	-166,000,098
Change in equity instruments	-	-	-59,189,214	-	-	-	-	-59,189,214
Derivatives on treasury shares	-	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	114,949	-	-	-	114,949
Comprehensive income	-	-	-	-	118,140	-	552,879,190	552,997,330
EQUITY AS AT 31 DEC. 2022	**1,102,071,064**	**3,496,073,455**	**1,767,081,339**	**3,180,740**	**-54,583,512**	**815,000,000**	**552,879,190**	**7,681,702,276**

STATEMENT OF CASH FLOWS

	31 Dec. 2023	31 Dec. 2022
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**1,947,479,602**	**1,370,888,734**
- Profit (Loss) for the FY (+/-)	703,249,776	552,879,190
- Gains/losses on financial assets held for trading and on financial assets/ liabilities measured at fair value through profit or loss(-/+)	525,592	-9,310,418
- Gains/losses on hedging activities (-/+)	-180,970	14,934,595
- Net adjustments/recoveries for credit risk (+/-)	254,360,785	251,459,524
- Net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	135,295,601	129,586,428
- Net provisions for risks and charges and other costs/revenues (+/-)	44,449,090	27,484,604
- Taxes, levies and tax credits not settled (+/-)	298,809,820	16,481,543
- Other adjustments (+/-)	510,969,908	387,373,268
2. Cash flow generated/absorbed by financial assets	**9,815,190,606**	**8,480,146,089**
- Financial assets held for trading	132,965,374	-157,126,274
- Financial assets mandatorily measured at fair value	33,702,665	11,654,598
- financial assets measured at fair value through other comprehensive income	-277,199,843	-1,290,225,010
- Financial assets measured at amortized cost	9,486,458,564	11,603,350,879
- Other assets	439,263,846	-1,687,508,104
3. Cash flow generated/absorbed by financial liabilities	**-3,889,284,035**	**-8,325,202,065**
- Financial liabilities measured at amortized cost	-2,371,654,966	-8,404,720,153
- Financial liabilities held for trading	-130,807,403	-46,922,869
- Other liabilities	-1,386,821,666	126,440,957
Net cash flow generated/absorbed by operating activities	**7,873,386,173**	**1,525,832,758**
B. INVESTING ACTIVITIES		
1. Cash flow generated by:	**43,482,024**	**89,223,306**
- Sales of equity investments	15,486,928	63,765,437
- Dividends received on equity investments	14,199,886	15,707,837
- Sales of property, plant and equipment	13,795,210	9,750,032
2. Cash flow absorbed by:	**-21,197,373**	**862,561,957**
- Purchases of equity investments	-5,124,900	-13,820
- Purchases of property, plant and equipment	-16,072,473	-13,972,653
- Purchases of intangible assets	-	-1,020,074
- Purchases of business units	-	877,568,504
Net cash flows generated/absorbed by investing activities	**22,284,651**	**951,785,263**
C. FUNDING ACTIVITIES		
- Issues/purchases of treasury shares	-701,427	83,275,518
- Issues/purchases of equity instruments	-85,511,184	-59,189,214
- Distribution of dividends and other	-302,183,744	-166,000,098
Net cash flows generated/absorbed by funding activities	**-388,396,355**	**-141,913,794**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	**7,507,274,469**	**2,335,704,227**

RECONCILIATION

Financial Statement items	31 Dec. 2023	31 Dec. 2022
Opening cash and cash equivalents	2,875,997,217	540,292,990
Net increase/decrease in cash and cash equivalents for the year	7,507,274,469	2,335,704,227
Closing cash and cash equivalents	**10,383,271,686**	**2,875,997,217**

Key:
(+) generated
(-) absorbed

In accordance with the amendment to IAS 7, introduced by Regulation no. 1990 of 6 November 2017, to be adopted for the first time in reporting periods starting on or after 1 January 2017, the information required under paragraph 44 B to measure changes in liabilities resulting from financing activities, irrespective of whether the changes result from cash flows or changes other than in cash equivalents, is given below.

	31 Dec. 2022	Changes from cash flows generated by financing activities	Changes from obtaining or losing control of subsidiaries or other businesses	Fair value changes	Other changes	31 Dec. 2023
Liabilities arising from financing activities (items 10, 20 and 40 of Liabilities)	84,002,540,297	- 2,355,652,030	-	340,381,985	-	81,987,270,252

NOTES TO THE FINANCIAL STATEMENTS

PART A – ACCOUNTING POLICIES

A.1 GENERAL PART

Section 1 – Statement of compliance with IAS/IFRS

The Annual Report and Financial Statements of Crédit Agricole Italia have been prepared pursuant to Italian Legislative Decree no. 38 of 28 February 2005, in accordance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.

Therefore, the IAS/IFRS in force as at 31 December 2023 (including the interpretations documents called SIC and IFRIC) have been applied, as endorsed by the European Commission and listed in detail in the specific table in an annex to these Financial Statements.

The financial statements and the content of the Notes to the Financial Statements have been prepared in compliance with Circular no. 262 “Banks’ financial statements: layouts and preparation” of 22 December 2005, issued by the Bank of Italy in the exercise of its powers under Article 9 of Italian Legislative Decree no. 38/2005 and based on the subsequent updates, with the latest one being the 18th update of 17 November 2022.

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

In compliance with IAS 8, the table below reports the new international accounting standards or the amendments to standards already in force, along with the Regulations endorsing them, that shall mandatorily be applied for reporting periods starting on or after 1 January 2023.

Standards, amendments or interpretations	Publication date	Date of first application
IFRS 17 Insurance Contracts (including Amendments to IFRS 17) (Not applicable by the Crédit Agricole Italia Banking Group as the Group is solely a distributor of insurance products)	23 November 2021 (EU 2021/2036)	1 January 2023
Amendments to IAS 1 - Presentation of Financial Statements **Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors** Those amendments clarify the differences between accounting policies and accounting estimates (monetary amounts in financial statements that are subject to measurement uncertainty) to ensure further consistent application of accounting standards and comparability of financial statements	03 March 2022 (EU 2022/357)	1 January 2023
Amendments to IFRS 17 The amendment to the transition requirements in IFRS 17 allows companies to overcome one-time classification differences of comparative information of the previous reporting period upon initial application of IFRS 17 and IFRS 9 Financial Instruments. (Not applicable by the Crédit Agricole Italia Banking Group)	09 September 2022 (EU 2022/1491)	1 January 2023
Amendments to IAS 12 - Income Taxes Those amendments clarify how companies are to account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce diversity in the reporting of deferred tax assets and liabilities on leases and decommissioning obligation	12 August 2022 (EU 2022/1392)	1 January 2023
Amendments to IFRS 17 The Regulation governs the exemption of intergenerationally mutualised and cash flow matched contracts from the annual cohort requirement of International Financial Reporting Standard 17 - Insurance contracts (IFRS 17), (Not applicable by the Crédit Agricole Italia Banking Group)	13 September 2023 (EU 2023/1803)	1 January 2023
Amendments to IAS 12 - Income Taxes The amendments introduced a temporary exception from accounting for deferred taxes arising from the implementation of the OECD's Pillar Two model rules, as well as targeted disclosures for affected entities	09 November 2023 (EU 2023/2468)	1 January 2023

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

PILLAR II – GLOBE

The OECD has laid down new rules for a coordinated system of taxation that imposes a top-up tax on profits of large multinational enterprises when the effective tax rate (ETR) in force in a jurisdiction in which they are based is below 15%. The purpose of these rules is to eliminate the need for countries to offer very low tax rates in order to compete for inbound investment.

These rules will have to be implemented by the various States.

In the EU a Directive was adopted at the end of 2022 (Council Directive (EU) 2022/2523), currently being transposed by the various Member States, which provides for the GloBE rules to be applied in the EU as of 2024.

The Directive has been transposed in France, as well as in Italy, with Italian Legislative Decree no. 209 of 27 December 2023.

For the time being, based on a first calculation made by the Crédit Agricole Group, the estimated amounts for the Group are not significant; therefore, the mapping work, which started within the Crédit Agricole Group, continues. If necessary, this will entail the recognition by the Group of a GloBE top-up tax due in 2024.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION BUT NOT YET ENTERED INTO FORCE

The table below shows the international accounting standards and the international financial reporting standards that, as at 31 December 2023, had been endorsed by the European Union but had not yet entered into force and, therefore, were not applicable to Crédit Agricole Italia's financial statements:

Standards, amendments or interpretations	Date of publication	Date of first application
Amendment IFRS16 - Lease Liability in a Sale and Leaseback The amendments require that, in applying the requirements for the measurement of lease liabilities in a sale and leaseback transaction with variable lease payments, the seller-lessee shall determine "lease payments" in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains	21 November 2023 (EU 2023/2579)	1 January 2024
Amendment IAS1 Non-current liabilities with covenants The amendments improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants.	21 November 2023 (EU 2023/2822)	1 January 2024

INTERNATIONAL ACCOUNTING STANDARDS NOT YET ENDORSED BY THE EUROPEAN UNION

The standards and interpretations that have been published by the IASB but have not yet been endorsed by the European Union are not applicable by Crédit Agricole Italia.

Document title	Issued by IASB on	Date of entry into force of the IASB document	Expected date of endorsement by the EU
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability –The amendment specifies how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not.	15 August 2023	1 January 2025	TBD
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements – The amendments clarify the disclosure requirements to enhance the transparency of supplier finance arrangements	25 May 2023	1 January 2024	TBD

Section 2 – General preparation principles

The Annual Report and Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements, as well as of the Management Report on the performance of operations, on the profits (losses) made and on the Bank's financial and cash flow position.

The financial statements and the content of the Notes to the Financial Statements have been prepared in accordance with the Bank of Italy Circular no. 262 of 22 December 2005 "Banks' financial statements: layouts and preparation".

It is pointed out that, on 17 November 2022, the 8th update to the aforementioned circular was published to implement the new IFRS 17 Insurance contracts and the consequent amendments introduced and other international financial reporting standards, including IAS 1 Presentation of Financial Statements and IFRS 7 Financial instruments: additional disclosures.

The 8th update, which consists in a full revision of the Circular, shall apply to financial statements for reporting periods closed or underway on 31 December 2023. No significant impacts are expected, as the major amendments concerned the application of IFRS17, which is not applicable by Crédit Agricole Italia, which is solely a distributor of insurance products.

In addition to the book figures as at 31 December 2023, the financial statements report the comparative figures from the latest approved financial statements as at 31 December 2022.

In accordance with Article 5 of Italian Legislative Decree No. 38/2005, the Euro has been used as the reporting currency.

The amounts in the Financial Statements, in the Notes to the Financial Statements and in the Management Report are expressed in thousands of Euro, where not otherwise specified.

The consolidated financial statements have been prepared pursuing clarity and give a true and correct representation of the financial and cash flow situation and of the profit or loss for the period of Crédit Agricole Italia S.p.A..

The Annual Report and Financial Statements have been prepared in compliance with the general presentation principles set down by IAS 1 and with the specific accounting standards endorsed by the European Commission and reported in Part A.2 of this Note.

No exceptions were made in applying the IASs/IFRSs.

Furthermore, these financial statements have been prepared in compliance with the communications and interpretation documents issued by the various Italian and EU regulators and supervisory authorities[29].

Bank of Italy - Communication of 14 March 2023 - Update of the provisions laid down by Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the impacts of the COVID-19 pandemic and of the measures to support the economy.

The communication, which repeals and replaces the previous one published on 21 December 2021, has updated the provisions governing banks' financial statements as regards the information provided to the market on the effects that the COVID-19 pandemic and the measures to support the economy generated on the strategies, objectives and risk management policies, as well as on the profitability and financial situation of intermediaries.

The update was due to the changed pandemic scenario, as, in 2022 the volumes of loans under moratoria progressively decreased, whereas the volume of loans backed by COVID-19-related State guarantee remained material and, for these loans, after a preamortization period, repayment started at the end of 2022. Consistently, the Bank of Italy has eliminated the financial reporting information on loans under moratoria, whereas the information on loans backed by public guarantees is still required, in a free format, at the bottom of some tables of the sections of the Notes to the Financial Statements about the balance sheet and credit risk.

Environmental and climate-related aspects and accounting impacts

Environmental and climate-related risks and the related impacts for the Group are disclosed here below, in accordance with the recommendations given by ESMA in its public statement of 25 October 2023 by "European common enforcement priorities for 2023 annual financial reports". Having regard to the management of the ESG factors by the Group, please refer to the paragraphs on the different activities implemented by the Group in the Management Report and in the Notes to the Financial Statements, as well as to the information given in the Group's Consolidated Non-Financial Statement. Taking into account environmental and climate-related aspects is an important focus in the strategy pursued by the Group, able to have effects on operating activities, objectives and the approaches to do business, being aware that the Group can play a leading role in the action against climate changes.

The problems associated with ESG factors and their implications on the financial reporting estimates are not explicitly addressed by the IAS/IFRS. Nonetheless, these factors shall be considered to the extent their impact on the financial statements is believed to material, in accordance with document "Effects of climate-related matters on financial statements", published by the IFRS Foundation in 2020 and containing educational material on how climate-related risks may affect the measurement of financial statement items, including financial assets and liabilities. Although ESG factors – and specifically climate-related risks – may, in theory, generate pervasive impacts on several financial reporting aspects considering the Group's operations, to date no pervasive impacts on the estimates of financial assets and liabilities or other financial statement items have been identified.

29 Specific reference is made to the following:
ESMA: public statement of 25 October 2023 "European Common Enforcement Priorities for 2023 Annual Financial Reports", the public statement of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports", ESMA public statements of 29 October 2021 "European Common Enforcement Priorities for 2021 Annual Financial Reports"and of 28 October 2022 "European Common Enforcement Priorities for 2022 Annual Financial Reports".

Going concern basis

The Annual Report and Financial Statements as at 31 December 2023 have been prepared on a going-concern basis, as Crédit Agricole Italia is believed to continue in operation in the foreseeable future.

Having regard to the disclosure required by IFRS 7 of the risks Crédit Agricole Italia is exposed to, appropriate information is given in the Management Report and in the Notes to the Financial Statements.

The Notes to the Financial Statements also reports the verifications that were carried out in order to assess any impairment of financial assets and intangible assets (including goodwill).

Impacts generated by the Russia-Ukraine war and by the war in the Middle East

The geopolitical tensions underway as at the date of preparation of the 2023 annual report and financial statements, resulting from the Russia-Ukraine war and the war that broke out in the Middle East, have generated new challenges and uncertainties in the macroeconomic scenario, increasing the risk of limited profitability. From and forward-looking standpoint, those uncertainties may entail that financial statement items need to be revised, based on new information available, which however cannot at present be foreseen. It is pointed out that, to date, direct exposures to Russia and Ukraine are next to zero and there are no direct exposures to the Middle East.

USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

To prepare the Annual Report and Financial Statements, estimates and assumptions must be made, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities reported.

Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments.

By their very nature, the estimates and assumptions used may vary from one period to another. Therefore, it cannot be ruled out that the recognized values for this reporting period may vary, even to a significant extent, in future periods, subsequent to any changes in the subjective assessments used. The economic effects generated by the uncertainties in the macroeconomic scenario, affected especially by the wars between Russia and Ukraine and in the Middle East, require thorough analysis and consideration of the new economic context in the models to measure the recoverable amount of the Bank's assets. Therefore, those estimates and assessments entail unavoidable elements of uncertainty.

The main instances that require the use of subjective assessments to be made by the Senior Management are the following:

- Quantifying losses resulting from the impairment of loans and of other financial assets in general;
- Using measurement models for the recognition of the fair value of financial instruments that are not listed on active markets;
- Using measurement models for equity investments;
- Assessing the consistency of the value of goodwill and of the other intangible assets and property, plant and equipment;
- The quantification of the provisions for risks and charges, provisions for personnel and obligations concerning employees' benefits;
- Estimating the recoverability of deferred tax assets;
- Calculating the fair value of financial instruments to be used for financial reporting purposes.

The description of the accounting policies applied to the main aggregates reported in the financial statements provides detailed information on the major assumptions made and subjective assessments used in preparing the financial statements.

CONTENTS OF THE FINANCIAL STATEMENTS

As described at the beginning of the Section, the financial statements and the content of the Notes to the Financial Statements have been prepared in compliance with the Bank of Italy Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005 as amended, especially its 8th update issued on 17 November 2022 and applicable to financial statements closed or underway as at 31 December 2023.

That update, which consists in a full revision of Circular no. 262, was issued to implement the new IFRS 17 Insurance contracts and the consequent amendments introduced and other international financial reporting standards, including IAS 1 Presentation of Financial Statements and IFRS 7 Financial instruments: additional disclosures. As the new IFRS17 is not applicable by Crédit Agricole Italia, which is solely a distributor of insurance products, no impacts are expected.

The supplements to Circular no. 262 have also been complied with and specifically, the communication of 14 March 2023 Update of Circular no. 262 "Banks' financial statements: layouts and preparation" concerning the COVID-19 impacts and the measures to support the economy, has repealed and replaced the previous one of 21 December 2021 and has updated the provisions on banks' financial statements as regards the information to the market on the effects that COVID-19 and the measure to support the economy produced on the strategies, objectives and risk management policies, as well as on the profit and loss and financial situation of intermediaries.

The Bank of Italy has eliminated the financial reporting information on loans under moratoria, whereas the information on loans backed by public guarantees is still required, in a free format, at the bottom of some tables of the sections of the Notes to the Financial Statements about the balance sheet and credit risk.

The new provision shall apply to financial statements closed or underway as at 31 December 2023.

Balance Sheet and Income Statement

The Balance Sheet and Income Statement contain items, sub-items and further information (the "of which" for items and sub-items) and comply with the templates supplied by the Bank of Italy with Circular No. 262 of 22 December 2005, as updated.

In the Income Statement, revenues are set forth without a sign, while expense figures are set forth in parenthesis.

Statement of Comprehensive Income

The Statement of Comprehensive Income consists of items presenting the changes in the value of the assets recognized in the year offsetting the valuation reserves, net of the related tax. The Statement of Comprehensive Income contains also the items with no amounts for the reporting year, and with no amounts for the previous year.

Negative amounts are set forth in parenthesis.

Statement of Changes in Equity

In order to facilitate understanding of the figures, the rows and columns of the Statement of Changes in Equity were inverted with respect to the same statement layout provided for by the above Bank of Italy Circular No. 262/2005. The statement shows the composition and movements of the shareholders' equity items during the reporting year and in the previous one, broken down into share capital (ordinary shares and savings shares), capital reserves, retained earnings reserves, comprehensive income and net profit or loss.

The value of treasury shares is deducted from equity.

No equity instruments other than ordinary shares have been issued.

Statement of Cash Flows

The statements of cash flows for the reporting period and for the previous one were prepared using the indirect method, based on which cash flows from operating activities are represented by the profit or loss for the year, adjusted for the effects of non-monetary transactions.

Cash flows are broken down into flows generated by operating activities, investment activities and funding activities.

In the Statement, cash flows generated in the period are reported without sign, while those absorbed are reported with a negative sign.

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Financial Statements contains the information required by Bank of Italy Circular no. 262/2005, with its updates and specifications already applicable, as well as further information required by IAS/IFRS.

In the tables relating to the Income statement items, revenues are set forth without a sign, whereas expense figures are set forth in parenthesis.

Section 3 – Events occurred after the reporting date

From the reporting date to the approval of the 2023 Annual Report and Financial Statements, no such events occurred as to entail any material change in the assessments made by the Directors and represented in the balance sheet, income statement and statement of cash flows of Crédit Agricole Italia.

In the Management Report and in Section 4 "Other aspects", the risks and uncertainties associated with the present macroeconomic scenario are reported.

Covered bonds

It is pointed out that, in early 2024, Crédit Agricole Italia very successfully finalized the **first issue in the year of a Green Covered Bond (CB) in the Italian market.**

After being the first Italian bank ever to issue a Green Covered Bond, Crédit Agricole Italia S.p.A. substantiated once again its commitment to the environment with a **new issue for a total amount of 500 million Euros** which collected **orders for nearly 5 billion Euros**, proving investors' appreciation both for Crédit Agricole Italia S.p.A. and for Green sustainability matters. With maturity of over 9 years, it is also the longest maturity CB since the segment reopening – in June 2023 – following the implementation of the new EU Directive.

In March 2024 the Group went again to the market proposing a new issue of Premium Covered Bonds (CB), with 12-year maturity for an amount of Euro 1 billion.

Section 4 – Other aspects

Risks and uncertainties

The risk monitoring, management and control policies continue to be key pivots on which, in the present and future scenario, Banks must measure themselves both against each other and against domestic and international markets.

Crédit Agricole Italia's governance bodies continue to give high and constant attention to sustainable development and growth, through close monitoring of the risk the Bank is exposed to, considering also the effects of the uncertainty about the macroeconomic evolution and the complex geopolitical situation. These issues may indeed generate impacts on the financial, cash flow and profit or loss structure that the Bank is required to manage and keep at acceptable levels, in order to protect savings (and thus its Customers' trust) and lending (healthy drivers of growth).

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

Although in the first months of the year the economy posted lively growth thanks to the favourable economic situation, recovery proved weak and uneven, albeit exceeding expectations. Throughout the reporting year, Central Banks continued with their restrictive approach started in 2022 through constant interest rate hikes, concentrated in the first nine months of 2023, albeit with lower intensity than in the past, in order to bring inflation back to the set target, with special attention to the repercussions on the real economy and financial stability.

Although generating a positive impact in bringing inflation under control, especially in the Euro Area these policies limited domestic demand, slowing down consumption, impacting on the expenses of households and businesses, thus affecting their repayment ability, and causing general stagnation in the last quarter of 2023. In this scenario, lending slowed down quite markedly, due to the increase in interest rates, which affected demand, and to more restrictive credit supply.

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

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

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

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Geographical rationalization of the physical network

Within the wider 2023-2025 Medium Term Plan, a rationalization plan has been designed entailing the revision of the commercial structure towards a leaner and differentiated geographical coverage model that is tailor-made on each region's specific features, as described in the Management Report.

Specifically, the Network optimization plan implemented in 2023 entailed the closure of 106 Retail Branches, the revision of the service model of 20 branches (which were turned into Points of Contact), and the setting up of some HUBS to foster synergies among the Commercial Channels. Having regard to the closed branches that used to be in leases premises, the book value of the right of use of the premises was written down, with a total negative effect of about 2 million Euros recognized in the Income Statement, under item 180 “Net adjustments to/recoveries on property, plant and equipment”. The optimization plan also determined the reorganization of the office spaces at central departments; also in this case, after moving out of properties under lease contracts that could not be immediately surrendered, the related right of use, recognized under property, plant and equipment, was written down, with a negative impact of approximately Euro 2.6 million, reported in item 180 of the income statement.

Owned real estate

Based on the yearly monitoring process conducted by Crédit Agricole Italia on owned real estate assets, which takes into account both the updated appraisals and the presumed sale values obtained from underway negotiations, impairments were recognized, mainly regarding “investment property”, for a total amount of Euro 15.8 million, recognized in the income statement at item 180 “Net adjustments to/recoveries on property, plant and equipment”.

As at 31 December 2023 preliminary agreements for the sale of property, compliant with IFRS 5, had been signed amounting to a book value of Euro 9.1 million. That amount was recognized under item “110 Non-current assets held for sale and discontinued operations“ in the assets section of the balance sheet and resulted from the sale of a package of 8 properties of Crédit Agricole Italia; the alignment of the book value of some of these assets to their sale price determined impairments amounting to about Euro 3.4 million, recognized in the income statement at item 180 “Adjustments to/recoveries on property, plant and equipment”.

Therefore, as at 31 December 2023, impairment recognized on owned real estate came to a total of Euro 19.2 million.

Covered Bond

In 2023 Crédit Agricole Italia presented two Covered Bond issued in the *Premium* format and compliant with the latest EU legislation to the market. The first issue took place in June and had an amount of 1 billion Euros and 6.5-year maturity, while for the second one had a sole subscriber, the European Investment Bank (EIB), an amount of 400 million Euros and 5-year maturity.

OTHER INFORMATION

Purchase of Tax Credits - Ecobonus

Within the measures deployed by the Italian Government to support the economy, Decree Law no. 34/2020 (known as “Relaunch” Decree) gives the possibility to deduct certain types of expenses as tax credits. Under the “Ecobonus” and “Sismabonus” schemes, as well as under other incentive schemes for building works, the incentive may be obtained also as a rebate in the price due to the vendor with the related tax credit transferred to the vendor.

Crédit Agricole Italia rolled out the service for the purchase of tax credits from Customers and, in accordance with the instructions given by the Bank of Italy/CONSOB/IVASS Work Group on the application of the IAS/IFRS to this scope, implemented a specific accounting policy. The 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 the tax credits, Crédit Agricole Italia has also adopted the Business Models given below:

- "Hold to collect", whereby Crédit Agricole Italia recognizes the tax credits that were purchased to be held in order to be offset in the future.
- "Hold to collect and sell", with first-time adoption as of 2023, whereby Crédit Agricole Italia recognizes tax credits purchased in order to be offset in the future or to be sold. To date, under this Business model, the Bank has entered into contracts for the sale of tax credits for Euro 380.7[30] million over five years (of which sales for Euro 42.7 million already made in 2023).

As at 31 December 2023 the reported balance of purchased tax credits, recognized under item "Other assets", came to Euro 1,729 million (of which Euro 1,028 million under the HTC business mode and Euro 701 million under the HTCS one).

For more exhaustive information on their accounting treatment, please see paragraph "Other Assets" in section A.2 of this Notes to the Financial Statements.

Extraordinary tax on net interest income (windfall tax)

Please, see section Significant events in the reporting period of this Management Report.

Option for the Italian domestic tax consolidation scheme

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 of Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in an EU Member State, may exercise the option for consolidated taxation.

Initially, 18 Companies of the Group opted to join the tax consolidation scheme and, having been designated by Crédit Agricole S.A., Crédit Agricole Italia has undertaken the role of Consolidating Entity. Taking into account the new entities that joined the scheme in previous years and those that were terminated, as at 31 December 2022, the tax consolidation scheme consisted of 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 Financial Statements, Crédit Agricole Italia 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.

30 In January 2024 the sale agreements totalled 471.7 million Euros.

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 9 entities of the Group as at 31 December 2022. Thanks to this scheme, the member entities operate, for VAT purposes, as a single taxable person in their transactions with external companies, with a single VAT registration number. The main advantage generated by the exercise of this option is that, in general, the transactions between the Group member entities are not subject to VAT.

Publication of the Annual Report and Financial Statements in ESEF

On 30 December 2022, Commission Delegated Regulation (EU) 2022/2553 of 21 September 2022 amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2022 update of the taxonomy for the single electronic reporting format was published in the Official Journal of the European Union. It entered into force on 1 January 2023, with the possibility of early adoption.

Nonetheless, Crédit Agricole Italia qualifies for the exemption under Article 83 of CONSOB Issuer Regulation, which reads "*Obligations for the preparation and publication of financial reports as envisaged in article 154-ter of the Consolidated Law shall not apply to*: *(…) b) issuers whose home Member State is Italy, which exclusively issue debt securities listed on a regulated market whose unit par value comes to at least 100.000 Euros, or an equivalent value in the event of currencies other than the Euro. (…)*".

For this reason, the Annual Report and Financial Statements of Crédit Agricole Italia as at 31 December 2023 will not be published in ESEF format.

Audit of the accounts

The Annual Report and Financial Statements of Crédit Agricole Italia are audited by PricewaterhouseCoopers S.p.A, implementing the Resolution passed by the General Meeting of Shareholders on 28 April 2021, whereby this Firm was assigned the audit task for the period 2021-2029.

Publication of the Annual Report and Financial Statements

The Board of Directors approved the draft Annual Report and Financial Statements as at 31 December 2023 of Crédit Agricole Italia and authorized their publication on 19 March 2024, pursuant also to IAS 10.

A.2 PART REPORTING ON THE MAIN FINANCIAL STATEMENT ITEMS

The IAS/IFRS that were adopted for the preparation of the annual report and financial statements as at 31 December 2023 are given below broken down by financial statement item, having regard to classification, recognition, measurement and derecognition of asset and liability items, as well as the methods to recognize revenues and costs. Said standards are the same ones used for the preparation of the annual report and financial statements as at 31 December 2022.

FINANCIAL INSTRUMENTS (IFRS 9, IAS 39 AND IAS 32)

DEFINITIONS

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, or any contract establishing contractual rights and obligations to receive or deliver cash or other assets.

Derivative instruments are financial assets or liabilities the value of which evolves in accordance with that on an underlying instrument; they require low or no initial investment and are settled at a later date.

Financial assets and liabilities have been recognized in the financial statements in accordance with IFRS 9, as endorsed by the Europe Union.

IFRS 9 lays down the bases for:
1. Classification and measurement of financial instruments;
2. Impairment of exposures for increase in credit risk;
3. Hedge accounting, excluding macro hedging.

However, it is pointed out that Crédit Agricole Italia, in accordance with the instructions of its French Parent Company Crédit Agricole S.A., has exercised the option, which is given to IFRS 9 first-time adopters, to continue to fully apply IAS 39 as regards hedge accounting. Therefore, pending the entry into force of the future provisions contained in the new "dynamic risk management accounting model", all hedging relationships are governed by IAS 39.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Initial measurement

At their initial recognition, financial assets and liabilities are measured at fair value, as defined in IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants that have reasonable knowledge of it and are willing to trade without pressure.

Subsequent measurement

After their initial recognition, financial assets and liabilities shall be measured, in accordance with their classification, at amortized cost using the effective interest rate (EIR) method for debt instruments or at fair value. Derivative instruments shall always be measured at fair value.

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition less principal repayments, plus or minus the accumulated amortization, in accordance with the effective interest rate method, of any difference between the initial amount and the amount at maturity and, for financial assets, adjusted by any loss coverage provision.

The effective interest rate (EIR) is the rate that discounts the estimated future cash flows (paid or collected) from the financial instrument through its expected life to the net book value of the financial asset or liability.

FINANCIAL ASSETS

Financial assets other than derivatives (debt instruments or equity instruments) shall be classified in one of the three categories given below:
- Financial assets at fair value through profit or loss;
- Financial assets at amortized cost; (for debt instruments only);
- Financial assets at fair value through equity (with recycling to profit or loss for debt instruments, without recycling to profit or loss for equity instruments).

The classification and measurement of financial assets depend on the financial asset nature, whether it qualifies as:
- Debt instrument (i.e. loans and securities with fixed or determinable payments);
- Units in OICR collective investment undertakings;
- Equity instruments (i.e. shares).

Debt instruments

The classification and measurement of a debt instrument is determined at its initial recognition and is based on two joint criteria: the business model and the analysis of its contractual characteristics in order to assess that the financial asset contractual terms provide for, at set dates, cash flows that are 'solely payments of principal and interest on the principal amount outstanding' (the "SPPI test"), unless the fair value option is exercised. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Business Model

The business model expresses how a cluster of financial assets is collectively managed in order to order to pursue a set corporate objective, thus representing the strategy of Crédit Agricole Italia in managing its financial assets. The business model is determined for an asset portfolio, rather than specifically for a single financial asset.

There are three business models:

- Hold to Collect (HTC), the objective of which is to hold the financial asset to collect its contractual cash flows throughout its useful life; this model does not require that all the assets be held until their contractual maturity; however, any sale of HTC assets is subject to restrictions in accordance with IFRS 9 and based on the policy adopted by the Group, which are exhaustively described in the paragraph below;
- Hold to Collect and Sell (HTC&S), the objective of which is to hold the financial assets both to collect their contractual cash flows and to sell them; in this model, both the sale of financial assets and the collection of their cash flows are permitted;
- Other, this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not qualify for the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification applied to a portfolio of financial assets whose management and performance are measured based on fair value.

In accordance with the standard and with the choices made by the Group, the sale of financial assets classified in the HTC business model are allowed, for the reasons described below, based on whether the sale concerns a security portfolio or a loan portfolio.

Sales of **securities** are allowed for the following reasons:

a) Increase in credit risk;
b) Debt instruments close to maturity;
c) The sales are frequent but not significant;
d) Infrequent sales.

Specifically:

a) *Sales allowed due to an increase in credit risk*

   Crédit Agricole Italia has identified the following criteria to allow the sale of debt securities classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met:

   - Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
   - Risk indicators: downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the date of the instrument first recognition; downgrade of 2 notches in the issuer's country risk since the date of the instrument first recognition.
   - Market indicators:
     - Material increase in the issuer's credit spread between the date of purchase and the date of sale of the instrument;
     - Material evolution in the issuer's premium CDS between the date of purchase and the date of sale of the instrument.

b) *Sales permitted as the debt instruments are close to maturity*

   Financial assets in the Hold to Collect portfolio may be sold if they are close to maturity and the proceeds from their sales approximate the collection of the remaining contractual cash flows.

In order to judge such sales consistent with the Hold to Collect Business Model, the following parameters were defined:

- Time to maturity considered admissible of 6 months;
- A maximum difference between the proceeds from the sale and the remaining contractual cash flows (amortized cost) of 3% (without taking fair value *hedge* effects into account).

c) *Frequent but not significant sales*

In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales.*

- Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
- Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
- Changes in the applicable legislation or regulations;
- Need to strengthen capital requirements.

Sales of **loans** are allowed for the following reasons:

- Increase in credit risk;
- Loans close to maturity and with a sale price that approximates the remaining contractual cash flows;
- The sales are frequent but not significant;
- Significant Infrequent sales.

Specifically:

a) *Sales allowed due to an increase in credit risk*

Crédit Agricole Italia has identified the following criteria to allow the sale of loans classified in the Hold to Collect Business Model; the sale shall be allowed when even just one of the following criteria is met:

- Accounting indicator: downgrade from Stage 1 to Stage 2 or to Stage 3;
- Risk indicators (applying to large-corporate customers only): downgrade of 3 notches in the issuer's long-term external rating (or the equivalent for internal rating) since the date of the instrument first recognition; downgrade of 2 notches in the issuer's country risk since the date of the instrument first recognition.

b) *Sales permitted as the loans are close to maturity*

The sales of loans in the Hold to Collect portfolio shall be allowed if all the following criteria set by the Group are met:

- The sale concerns financial assets with residual life of less than 6 months; the value of the assets sold is close to the amortized cost of the financial asset (also in case of frequent sales);
- The difference between the sale price and the amortized cost of the loan shall not be higher than 3% without taking into account fair value hedge effects.

c) *Frequent but not significant sales*

In the financial year, sales are permitted up to a 15% limit; this non-significance threshold varies in accordance with the portfolio average duration.

d) *Infrequent sales*

- Changes in the tax legislation entailing higher tax expenses generating a not negligible impact for the Group;
- Non-recurring transactions by the issuer/the issuer's Group (i.e. mergers, sales of business units and, in general, any other non-recurring transaction impacting on the entity's equity);
- Changes in the applicable legislation or regulations;
- Need to strengthen capital requirements.

The contractual characteristics ('Solely Payments of Principal & Interest' or SPPI test):

The SPPI test provides for a set of criteria to be examined as a whole, whereby it can be determined whether the contractual cash flows are consistent with the characteristics of a basic lending arrangement (repayments of face principal and payment of interests on the face principal still outstanding).

The test is passed if the loan entitles exclusively to principal repayment and the collected interests represent the time value of money, the credit risk associated with the instrument, other costs and risks of a classic lending arrangement, such as liquidity risk as well as a reasonable profit margin for the bank.

If no conclusion can be made with this qualitative analysis, a quantitative analysis (or benchmark test) shall be made. This additional analysis consists in comparing the contractual cash flows of the asset under analysis to the cash flows of a benchmark asset (an asset with characteristics that are similar to those of the asset under analysis but "simple").

If the difference between the cash flows of the financial asset and those of the benchmark instrument is not deemed significant, the asset shall be considered a basic lending arrangement.

Furthermore, a specific analysis for each single tranche shall always be carried out if the financial asset provides for payments with different priorities linked to flows from other benchmark financial assets (e.g. In case of Credit Linked Instruments (CLI) or instruments issued by Special Purpose Entities (SPE) incorporated within Project Finance schemes). In this case, the SPPI tests requires that the characteristics of the contractual cash flows of the asset in question and of the underlying assets be analyzed, in accordance with a «look-through» approach, and that the credit risk implicit in the subscribed tranches be verified in comparison to the credit risk of the underlying assets.

"Green" or "ESG" financial assets and "green bond" financial liabilities comprise various instruments; specifically, loans or securities whereby environmental or ecological transition projects can be financed. It is pointed out that all the financial instruments so qualified do not necessarily give a return that varies in accordance with ESG criteria. This terminology may evolve in accordance with the EU legislation on sustainable finance. These instruments are recognized in compliance with IFRS 9. Specifically, for loans with ESG-linked return that does not bring about any financial leverage or is considered unsubstantial in terms of variability of the cash flows from the instrument, the SPPI test is deemed passed.

Within the Post-implementation Review (PIR) of IFRS 9, in May 2022 the IASB decided to start the review of IFRS 9 to clarify the methods to apply the SPPI test to this type of financial assets. Feedback on Exposure was published in March 2023 and the comment period ended on 19 July 2023. The IASB has scheduled publication of an amendment to IFRS 9 by 2024, which will then undergo the process to be endorsed by the European Union.

The recognition of debt instruments resulting from the definition of the business model along with the SPPI test is presented below:

Debt instruments		Management models		
		Hold to Collect (HTC)	Hold to Collect and Sell (HTC&S)	Other
SPPI testing	Passed	Amortized cost	Fair value through equity (other comprehensive income) with recycling to profit or loss	Fair value through profit or loss
	Not passed	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss

Debt instruments at amortized cost

Debt instruments shall be measured at amortized cost if they classified in the HTC model and if they pass the SPPI test.

They are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs.

The amortization of any premiums/discounts and transaction costs is recognized in the Income Statement with the effective interest rate method.

This category of financial assets is subject to impairment in accordance with the criteria set forth in the specific paragraph "Impairment for credit risk".

Debt instruments at fair value through equity with recycling to profit or loss

Debt instruments shall be measured at fair value through equity with recycling to profit or loss if they are eligible for the HTC&S model and if they pass the SPPI test.

These instruments are recognized at the settlement date and their initial measurement includes accrued interest and transaction costs. The amortization of any premiums/discounts and of transaction expenses is recognized in the Income Statement with the Effective Interest Rate method.

These financial assets are then measured at fair value and fair value changes are recognized through equity (with recycling to profit or loss) as the financial asset balancing item (excluding interest accrued taken to the Income Statement with the EIR method).

In case of sale, any fair value changes recognized through Equity are transferred to the Income Statement.

This category of financial instruments is subject to value adjustments for expected losses in accordance with the criteria set forth in the specific paragraph "Impairment for credit risk".

Debt instruments at fair value through profit or loss (FVTPL)

Debt instruments are measured at fair value through profit or loss in the following cases:

- The instruments are classified in the portfolio held within the Other Business Model (or financial assets held for trading or held with the main objective of selling them): financial assets held for trading are assets acquired or generated by the company mainly in order to sell them in the short term or part of a portfolio of instruments managed collectively in order to generate a profit from price fluctuations in the short-term or from the profit of the operator. Although contractual cash flows are collected in the period in which Crédit Agricole Italia holds the assets, the collection of such contractual cash flows is not essential but rather incidental;
- Debt instruments mandatorily measured at fair value as they do not comply with the SPPI test requirements;
- The financial instruments classified in portfolios for which the entity opts for fair value measurement. In that case, it is a specific designation of instruments to be measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement) and including accrued interest. Debt instruments are recognized at their settlement date.

Afterwards, they are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting the financial assets.

This category of financial assets is not subject to impairment.

Units in OICR collective investment undertakings

Units in OICR collective investment undertakings for which the defined business model is "Hold to Collect" or "Hold to Collect & Sell are classified in the "financial assets mandatorily measured at fair value" portfolio as they fail the SPPI test.

If they are managed for trading, units in collective investment schemes are classified in the "financial assets held for trading" portfolio.

Those financial assets are measured at fair value and value changes are taken to the income statement, as the balancing item of the balance sheet item reporting them.

Equity instruments

Equity instruments are recognized at fair value through profit or loss, unless an irrevocable option for their measurement at fair value through equity (in this case "without recycling to profit or loss") is exercised.

Equity instruments at fair value through profit or loss

Financial assets measured at fair value through profit or loss are initially recognized at fair value, excluding transaction costs (directly recognized in the income statement). These assets are recognized at their settlement date.

Afterwards, these assets are measured at fair value and value changes are taken to the income statement, as the balancing item of the value of the financial assets on the balance sheet.

This category of financial assets is not subject to impairment.

Equity instruments at fair value through equity without recycling to profit or loss (irrevocable option)

The irrevocable option to recognize equity instruments at fair value through equity without recycling to profit or loss may be exercised for each single transaction and shall apply as of the date of initial recognition. These financial instruments are recognized at their settlement date. The initial fair value includes transaction costs.

At subsequent measurements, fair value changes are recognized in equity. In case of sale, these changes are not recycled to profit or loss; therefore, the profit or loss from the sale is recognized in equity.

Only collected dividends are recognized in profit or loss if:

- The entity's right to collect their payment is set;
- It is likely that the economic benefits associated with the dividends will go to the entity;
- The dividend amount can be reliably measured.

Reclassification of financial assets

In the very few cases of a significant change in the business model used for managing financial assets (which may occur in case of start of a new activity, acquisition of entities, disposal or discontinuation of a business line), a reclassification of these financial assets is necessary.

In such cases, the reclassification shall apply from the date of reclassification and the reporting entity does not redetermine profits, losses and interests as previously recognized.

Where any "Financial assets measured at fair value through profit or loss" is reclassified under "Financial assets measured at amortized cost", the fair value as at the reclassification date shall become the new gross book value; the date of reclassification shall be the date of initial recognition for assigning the credit risk stage in order to estimate impairment. Where the financial asset is reclassified under "Financial assets measured at fair value through other comprehensive income", the financial asset shall continue to be measured at fair value. The effective interest rate shall be determined based on the asset fair value as at the reclassification date.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through profit or loss, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through profit or loss.

If the financial asset is reclassified from measured at fair value through other comprehensive income to measured at amortized cost, the financial asset shall be reclassified at fair value on the reclassification date. However, accumulated profit (loss) previously recognized through other comprehensive income shall be derecognized in equity and adjusted to the fair value of the financial asset as at the reclassification date. Consequently, the financial asset shall be measured as at its reclassification date as if it had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the financial asset is reclassified from measured at amortized cost to measured at fair value through other comprehensive income, its fair value shall be measured as at the reclassification date. The profits or losses from any difference between the previous amortized cost of the financial asset and its fair value shall be recognized through other comprehensive income. The effective interest rate and the measurement of expected credit losses shall not be adjusted subsequent to reclassification.

If the entity reclassifies a financial asset from measured at fair value through other comprehensive income to measured at fair value through profit or loss, the financial asset continues to be measured at fair value. Accumulated profit (loss) previously recognized through other comprehensive income shall be reclassified from "through equity" to "through profit or loss" with a reclassification adjustment as at the reclassification date.

Reclassification is not allowed for equity securities.

Temporary investments in/disposals of securities

Temporary disposals of securities (loans of securities, securities disposed of under repurchase agreements) do not generally fulfil the conditions for derecognition.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of securities under repurchase agreements, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Securities borrowed or received under repurchase agreements are not recognised on the balance sheet of the transferee.

In the case of securities disposed of under repurchase agreements, an account receivable from the transferor is reported on the balance sheet of the transferee and offset against the amount paid. If the security is subsequently resold, the transferee recognizes a liability measured at fair value representing its obligation to return the security received under repurchase agreements.

Revenue and expenses relating to such transactions are recognized to profit and loss on an accrual basis, except in the case of classification of assets and liabilities at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or group of financial assets) is fully or partially derecognized if:

- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are transferred or are deemed as such because all the risks and rewards of the financial asset are transferred.

In this case, all remaining rights or obligations in force are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred but a part only of the risks and rewards of ownership or control is retained, the financial assets continue to be recognised to the extent of the entity's continuing involvement in the asset.

Furthermore, impaired financial assets may be derecognized when the entity can no longer reasonably expect to recover a financial asset (write-off). A financial asset may be written off before the conclusion of the legal actions for its recovery and this does not necessarily entail waiver by the Bank of its legal right to collect the credit claim. In this case, the gross nominal value of the loan remains unchanged, but its gross book value is written down by the write-off amount. The write-off may concern the entire amount of a financial asset or part thereof and is equal to:

- The reversal of total value adjustments as the balancing item of the financial asset gross value;
- For any portion exceeding the amount of total value adjustments, the recognition of the financial asset impairment directly through profit or loss.

Any amounts collected after the write-off are recognized in the income statement as recoveries.

FINANCIAL LIABILITIES

Financial liabilities are classified on the balance sheet in the two accounting categories given below:

- Financial liabilities at fair value through profit or loss, either by their nature or by designation;
- Financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss by their nature

Financial instruments issued primarily to be bought back in the short term, instruments belonging to an identified portfolio of financial instruments which are managed collectively and for which there is evidence of a strategy pursuing short-term profit-taking, and derivatives are measured at fair value by their nature.

Any changes in the fair value of this portfolio are recognized through profit or loss.

Financial liabilities designated at fair value through profit or loss

At initial recognition, the bank may irrevocably designate the financial liability as measured at fair value when:

a) By doing so,it removes or materially reduces any inconsistency in the measurement or recognition that would otherwise result from the measurement of the assets or liabilities or from the recognition of the related profits or losses on different bases;
b) A group of financial liabilities or of financial assets and liabilities is managed and the return on it is measured on a fair value basis in accordance with a risk management or investment strategy;
c) The contract contains one or more embedded derivatives and the host contract is not an assets falling in IFRS 9 scope of application.

This designation option is irrevocable and applies mandatorily from the date of initial recognition of the instrument.

Upon subsequent measurement, these financial liabilities are measured at fair value through profit or loss for changes in fair value not related to the Bank's own credit risk and with balancing item through equity with no recycling to profit or loss for value changes related to own credit risk.

Financial liabilities measured at amortized cost

All other liabilities fulfilling the definition of a financial liability (excluding derivatives) are measured at amortised cost.

These liabilities are initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

Reclassification of financial liabilities

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is allowed.

Distinction between debt - equity instruments

Securities are classed as debt instruments or equity instruments based on the economic substance of the contracts.

A financial liability is a debt instrument if it includes a contractual obligation to:

- provide another entity with cash, another financial asset or a variable number of equity instruments;
- exchange financial assets and liabilities with another entity at potentially unfavourable conditions.

An equity instrument is a non-redeemable financial instrument which offers discretionary return representing a residual interest in a company after deduction of all its financial liabilities (net assets) and which is not qualified as a debt instrument.

Treasury share buyback

Treasury shares or equivalent derivative instruments such as options on shares bought with a fixed strike ratio, including shares held to cover stock option plans, do not meet the definition of a financial asset and are recognized as reduction in equity. They do not generate any impact on the income statement.

Derecognition of and change to financial liabilities

A financial liability is derecognised in full or in part:

- When it is extinguished;
- When it has been substantially modified in case of restructuring.

A substantial modification in an existing financial liability shall be recognized as the extinction of an initial financial liability and the recognition of a new financial liability (known as novation). Any difference between the book value of the extinguished liability and the new liability shall be recognised immediately in the income statement. If the financial liability is not derecognised, the original effective interest rate (EIR) shall be maintained and the book value is modified through profit or loss on the modification date, discounting the new future cash flows modified using the original EIR. This impact is then spread over the residual lifetime of the instrument using the original effective interest rate.

DERIVATIVE FINANCIAL INSTRUMENTS

Classification and measurement

Derivative instruments are financial assets or liabilities classified by default as derivative instruments held-for-trading unless they can be considered to be hedging instruments.

They are initially recognized at fair value on the settlement date and then measured at fair value on the settlement date and then measured at fair value.

At each reporting date, the fair value changes on derivative contracts shall be recognized:

- Through profit or loss for derivative instruments held for trading or for fair value hedging;
- Through equity for derivative instruments held as cash flow hedges or hedges of net investments in foreign operations, for the effective portion of the hedge.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that meets the definition of a derivative product. This definition applies only to financial liabilities and non-financial contracts. Embedded derivatives must be accounted for separately from the host contract if the following three conditions are met:

- The hybrid contract is not measured at fair value through profit or loss;
- The embedded component taken separately from the host contract has the characteristics of a derivative;
- The characteristics of the derivative are not closely linked to those of the host contract.

Conversely, financial assets with an embedded derivative are classified as a whole as separation is not allowed: in these cases, the instrument as a whole shall be classified under ”financial assets measured at fair value through profit or loss”.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32, Crédit Agricole Italia offsets a financial asset against a financial liability and recognizes a net amount when and only when it has a legally enforceable right to offset the recognized amounts and intends either to settle the net amount or to realize the asset and settle the liability simultaneously.

The derivative instruments and the repurchase agreements handled with clearing houses that meet the two criteria required by IAS 32 have been offset on the balance sheet.

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Net gains (losses) on financial instruments at fair value through profit or loss

For financial instruments recognized at fair value through profit or loss, this item reports the following elements:

- Dividends and other revenues from equities and other securities which are classified under financial assets at fair value through profit or loss;
- Changes in fair value of financial assets or liabilities at fair value through profit or loss;
- Gains and losses on disposal of financial assets at fair value through profit or loss;
- Changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This item also reports the ineffective portion of hedges.

Net gains (losses) on financial instruments at fair value through equity

For financial assets measured at fair value through equity, this item reports the following income statement elements:

- Dividends from equity instruments classified as financial assets at fair value through equity without recycling to profit or loss;
- Gains (losses) on disposals and net income associated with the termination of hedging relationships on debt instruments classified as financial assets at fair value through equity with recycling to profit or loss;
- Net income on disposals or associated with the termination of fair value hedging instruments of financial assets at fair value through equity when the hedged item is sold.

FINANCING COMMITMENTS AND FINANCIAL GUARANTEES GIVEN

Financing commitments that are not designated as fair value through profit or loss or not treated as derivative instruments within the meaning of IFRS 9 are not recognised on the balance sheet. However, they are covered by provisions in accordance with IFRS 9.

A financial guarantee contract is a contract under which the issuer must make specific payments to reimburse the guarantee holder for a loss incurred due to a specific debtor's failure to make a payment when due under the initial or amended terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, and subsequently at the higher of:

- The value adjustment amount for losses determined in accordance with IFRS 9;
- The amount originally recognised less, where applicable, the costs recognised in accordance with IFRS 15.

IMPAIRMENT FOR CREDIT RISK

Scope of application

In compliance with IFRS 9, Crédit Agricole Italia recognizes impairment with write-downs representing Expected Credit Losses (ECL) on the categories of financial assets given below:

- Financial assets consisting of debt instruments and recognised at amortised cost or at fair value through equity with recycling to profit or loss (loans and receivables, debt securities);
- Financing commitments which are not measured at fair value through profit or loss;
- Guarantee commitments that fall within IFRS 9 scope of application and that are not measured at fair value through profit or loss;
- Lease receivables falling in the IFRS16 scope;
- Trade receivables generated by transactions under IFRS 15 scope of application.

Equity instruments (at fair value through profit or loss or at fair value without recycling to profit or loss) are not concerned by the rules on impairment.

Derivative instruments and other instruments at fair value through profit or loss are subject to the calculation of counterparty risk which is not covered by the ECL model. For more exhaustive information, please see Section “A.4 Fair value reporting” of this Notes to the Financial Statements.

Credit risk and impairment (provisioning) stages

Credit risk is defined as risk of loss related to default by a counterparty leading to its inability to meet its commitments to the Bank.

The model of impairment (provisioning) for credit risk has three stages:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee...), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if there is a significant increase in credit risk (versus initial recognition) for a given transaction or portfolio, the entity shall recognize the losses expected up to maturity;

- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall individually recognize the incurred credit loss calculated over the residual life of the instrument. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1, based on the decrease in credit risk.

Definition of default

The regulation on the Definition of Default is based on:

- The "relative" and "absolute" materiality thresholds to identify pastdue determining classification in the default status. It is automatic is two thresholds (relative and absolute) are jointly breached for 90 days in a row. More specifically:
  - The relative threshold is at 1%, calculated as the ratio of the total pastdue and/or overlimit amount to the total amount of recognized exposures to the same borrower;
  - The absolute threshold is at Euro 100 for Retail Customers and at Euro 500 for Non-Retail Customers, calculated using the total pastdue and/or overlimit amount of the borrower.
- Banks are not allowed to net existing pastdue and/or overdraft exposures on some credit lines of the debtor against existing available margins on other credit lines of the same borrower;
- A 3-month probation period shall be applied, running from the moment the positions no longer meet the conditions to be classified as defaulted and during which no pastdue instances must occur, before classifying the loan, and therefore the Debtor, back to a non-default status;
- Specific rules (known as "triggers") shall be applied, which require automatic classification as non-performing of exposures meeting even one only of the following characteristics:
  - Loss of more than 1% on restructured exposures (suspensions, rescheduling, renegotiations) because of financial difficulties experienced by the debtors;
  - Loss of more than 5% for the disposal of performing loans.

Definition of Expected Credit Loss ("ECL")

ECL is defined as the weighted expected value of the discounted credit loss (principal and interest). It is the present value of the difference between contractual cash flows and expected ones (including principal and interest).

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning.

To define the IFRS 9 parameters required to calculate ECL, Crédit Agricole Italia has primarily relied on its internal rating system and on the other regulatory processes already implemented.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, forward-looking scenarios are used and weighted by the related probability of occurrence. In agreement with the Parent Company Crédit Agricole S.A., Crédit Agricole Italia uses four different macroeconomic scenarios:

- **Central scenario**, i.e. the most likely scenario;
- **Moderately adverse scenario**, i.e. the economic scenario in moderately adverse conditions;
- **Budget stress scenario**, i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- **Favorable scenario**, i.e. the economic scenario in favorable conditions.

The weights to be assigned to the four scenarios – which may vary at each new estimate of the parameters – are determined at the Crédit Agricole Group level (the Economic Research Department -ECO of Crédit Agricole S.A.), while Crédit Agricole Italia updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default (EAD).

The standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECL calculation approaches are different for financial instruments and off-balance sheet exposures. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, Crédit Agricole Italia assesses whether any significant increase in credit risk has occurred from the date of initial recognition to the reporting date, in order to assign the financial instrument to the right risk stage given that increase.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply and contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Moreover, monitoring shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any increase in credit risk is assessed using (relative or other criteria) quantitative criteria and qualitative criteria.

Relative criteria: some thresholds (SICR - Significant Increase in Credit Risk) have been set which measure the change in the PD as at the inception date and as at each reference date. The thresholds and their respective methods of use are exhaustively reported in Part E of this Note.

It is also pointed out that compliance is verified with the threefold-PD, i.e. in case the PD_{rep} is higher by at least 3 times the PD_{orig}, except in cases where $PD_{rep} > 0.3\%$, the exposure is automatically moved to stage 2.

Other Criteria: 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 other than securities for which rating models have been implemented and applied, Crédit Agricole Italia 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.

Based on these considerations, the reasons that trigger the classification of the exposures in stage 2 are supplemented with the additional rules listed below:

- The breach of the PD thresholds, which, for Crédit Agricole Italia, are set at 12% for the non-Retail portfolio and at 15% for the Retail portfolio (Crédit Agricole S.A. threshold);
- No rating as at the assessment date if regarding loans disbursed over six months before;
- The exposure being classified as forborne performing;
- Classification in the watchlist in accordance with the Early Warning internal indicator (IMA – Performance Monitoring Indicator) in at least three calculations in the four months before the reference date;

- The selection of portfolio potions that are considered high risk following specific probes carried out by the Risk Management and Permanent Controls Department, such as:
  - Sub-Investment rating grades close to the Sensitive loans perimeter (the thresholds applied by the Crédit Agricole Banking Group are more restrictive).

  Floating-rate mortgage loan contracts, which, subsequent to the increases in the ECB key interest rates, have high instalment/income ratios with a Sub-Investment Grade rating.

Qualitative Criteria: lastly, downgrading to stage 2 may occur for single-name positions reported by the Chief Lending Officer and validated by the Risk Management and Permanent Controls Department.

If the conditions that triggered downgrading to stage 2 no longer apply, the exposure may be taken back to stage 1.

For exposures consisting of securities, Crédit Agricole Italia applies the low credit risk exemption, i.e., as at the recognition date, the exposures have been classified in stage 1, as they had an investment grade rating or higher.

Therefore, the following rules apply for monitoring significant increase in the credit risk of securities:
- "Investment Grade" securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- "Non-Investment Grade" securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Impairment model on stage 3

The impairment model for the non-performing portfolio is based on the estimate of a forward-looking and multi-scenario ECL, which is obtained combining the internal collection scenario with an alternative collection scenario, via the disposal of the non-performing exposures, often as single.name, on the market. This calculation is consistent with the objectives laid down by the NPL Strategy of the Crédit Agricole Italia Banking Group, which, to reduce NPEs, give preference to collection with no need for insolvency procedures, rather than the disposal of partial and limited clusters of NPEs, as an alternative

IFRS9 reads that "the entity shall measure expected credit losses in a way that reflects:
a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b) The time value of money;
c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions".

Specifically, IFRS 9 defines loss as the difference between all the contractual cash flows due and the cash flows that the entity expects to receive. Consequently, if the entity intends to sell a non-performing loan to a third party in order both to increase its cash flows as much as possible and to implement a specific strategy for NPL management, the ECL estimate shall reflect also the sale scenario and, thus, the cash flows from the sale. In accordance with IFRS 9, sales scenarios that are merely possible may be taken into account and, as such, shall be smoothed with others that are deemed more likely.

The above being given, the Crédit Agricole Italia Banking Group reflects, in the measurement of loans, the contemplated different types of collection by single loan or cluster of loans. The methods to assess the loan recovery forecasts, in compliance with the ECB Guidance, consist in an estimate of future cash flows made based on two general approaches:

In a scenario where the borrower is assumed as a going-concern, the cash flows from operations continue to be generated and can be used to repay the financial debt; the "Going Concern Approach";

In a scenario where the borrower is assumed to discontinue operations, no cash flows from operations are generated to be used for debt service; the "Gone Concern Approach".

The Going Concern Approach is mainly applied to cases in which the cash flows from the borrower's operations are material (vs. the debt) and can be reliably estimated, as well as in all cases in which the exposure is not backed with collaterals or is limitedly secured and to the extent collaterals can be realized without prejudicing the borrower's ability to generate future cash flows.

In measuring generated cash flows, also the cash flows from operations of any guarantor may be taken into account.

The Gone Concern Approach shall apply where there are no significant cash flows from operations vs. the debt or where the exposure is largely secured and the related collaterals are essential to generate cash flows.

CONTRACT MODIFICATIONS OF FINANCIAL ASSETS

When the original contractual conditions are modified by the parties, it is to be verified whether the financial asset shall continue to be recognized or the original financial asset is to be eliminated recognizing a new financial instrument.

To this end, it is to be assessed whether the modifications to the contract terms and conditions as renegotiated are substantial or not.

In case of substantial modifications, the entity shall derecognize the financial instrument affected by the modification and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

Renegotiations are deemed substantial if they introduce specific objective elements affecting the characteristics and/or cash flows of the financial instrument or if they concern customers that are not experiencing financial difficulties, in order to align the contract onerousness to the current market conditions. In the latter case, it is to be specified that, if the Bank did not agree to a renegotiation of the contractual conditions, the customer would be able to borrow from another intermediary with the subsequent loss by the bank of the revenue flows under the renegotiated contract; in other words, in case of renegotiation for commercial reasons, no loss in to be recognized by the bank in its income statement subsequent to the alignment to the current market conditions that are more favourable for its customers.

Conversely, in case of renegotiations deemed not substantial, the entity shall redetermine the present value of the new cash flows subsequent to the renegotiation, based on the original rate of the exposure in force before the renegotiation. The difference between said value and the book value before the modification shall be recognized in the specific item of the income statement as profit or loss from contract modifications with no derecognition ("modification accounting").

RESTRUCTURING DUE TO FINANCIAL DIFFICULTIES (FORBEARANCE MEASURES)

Financial instruments that are restructured due to financial difficulties are those for which the entity has modified the initial financial conditions (interest rates, maturity) for business and legal reasons linked to the financial difficulties experienced by the borrower, in ways that would not have been applied in other circumstances. This regards all debt instruments, irrespective of the category the security is classified in.

This restructuring concept shall be assessed with regard to the contract rather than with regard to the customer. The definition of restructured loans subsequent to financial difficulties experienced by the customers is based on two cumulative criteria:

- Contract modifications or loan refinancing;
- The Customer's difficult financial situation.

Contract modifications are, for example, situations in which:

- There is a difference in favour of the borrower between the modified contract and the conditions before contract modification;
- The modifications made to the contract lead to conditions that are more favourable for the concerned borrower than those that other borrowers of the Bank, having similar risk profiles, could have obtained at that moment in time.

Refinancing means a new debt/loan is granted to the customer to repay, fully or in part, another debt as regards which the customer cannot comply with the contract conditions because of its financial situation.

The restructuring of a loan (whether performing or defaulted) is a sign of possible incurred loss risk. Therefore, the restructured/forborne exposure shall be accordingly assessed for any impairment/provisioning (restructuring does not systematically entail adjustment for incurred loss and classification as defaulted).

The classification as "*Forborne exposure*" is temporary. If the restructuring transaction is carried out in accordance with the instructions of the European Banking Authority (EBA), the exposure retains the "forborne" status for at least 2 years, if it was performing upon restructuring, or for 3 years if it was non-performing upon restructuring. These periods shall be longer if some events provided for in the Group's principles occur (for instance "reoccurrence").

With no derecognition, the reduction in future flows granted to the counterparty or the deferral of such flows over a longer time horizon than the one before the restructuring shall entail recognition of impairment in the Income Statement. The impairment for the restructuring shall be calculated as the difference between:
- The loan book value;
- The sum of the restructured future flows discounted at the original Effective Interest Rate (EIR).

Upon impairment, the portion regarding the passage of time shall be recognized under net interest income.

PURCHASED OR ORIGINATED CREDIT IMPAIRED ASSETS

Pursuant to IFRS 9, a financial asset is considered impaired upon initial recognition if credit risk is very high and it is purchased with significant rebates vs. the residual contractual debt.

If, based on the classification drivers (SPPI test e Business Model), these financial assets are classified as assets measured at amortized cost or at fair value through other comprehensive income, they shall be classified as "Purchased or Originated Credit Impaired Assets" ("POCI") and shall be subject to specific treatment as regards impairment. As regards these exposures, IFRS 9 requires:
- Their initial recognition at fair value;
- That the expected credit loss be always estimated based on the expected loss over the lifetime of the financial instrument;
- Interest recognized in the accounts are determined applying the effective interest rate, adjusted by credit risk ("EIR Credit Adjusted") or of the rate that, at initial recognition, discounts all future cash flows estimated at the asset amortized cost, taking into account, in the estimate, also expected credit losses.

POCI loans reported in the Group's financial statements were recognized subsequent to Business Combinations. Specifically, the acquisition of Credito Valtellinese in 2021 had entailed the recognition of a portfolio of non-performing loans, which, therefore, were initially recognized as POCI assets in accordance with IFRS 9 and measured at their fair value determined within the Purchase Price Allocation, as their first-recognition amount. In the light of the disposals finalized later on, the POCI loans coming from Credito Valtellinese and recognized in the Parent Company's financial statements as at 31 December 2023 remained under assets measured at amortized cost for significantly lower amounts and further reducing vs. the end of 2022. Those loans have been recognized in the related stages.

HEDGE ACCOUNTING

General framework

In compliance with the decision made by Crédit Agricole Italia, Crédit Agricole Italia has not applied the "hedge accounting" section of IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). However, the eligibility of financial instruments for hedge accounting in accordance with the IAS 39 takes into account the bases of classification and measurement of financial instruments pursuant to the IFRS 9.

In accordance with IFRS 9 and with the IAS 39 hedging principles, eligible fair value and cash flow hedges are debt instruments at amortized cost and at fair value through equity with recycling to profit or loss.

The Group hedges interest rate risk in order to immunize the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the interest rate curve, or of reducing the uncertainty of cash flows linked to a specific asset/liability in an integrated balance sheet perspective. Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with cap to Customers (macro-hedging), government securities in reserves (asset-swap hedging) and fixed-rate gaps detected by the internal model, which have been subject to macro-hedging. The hedges were made exclusively by purchasing Interest Rate Swaps and Interest Rate Options.

Documentation

Hedging relationships shall comply with the following principles:

- Fair value hedges have the purpose of protecting the entity against exposure to changes in the fair value of a recognize asset or liability or of an irrevocable commitment not recognized, attributable to the hedged risk or risks and able to impact on the income statement (for instance, total or partial hedge of fair value changes due to interest rate risk on a fixed-rate debt);
- Cash flow hedges have the purpose of protecting the entity against exposure to changes in future cash flows of a recognized asset or liability or of a transaction deemed very likely, attributable to the hedged risk or risks and able (in case of an expected transaction not occurred) to impact on the income statement (for instance, hedging of all or part of the payment of future interests on a floating-rate debt);
- Hedges of net investments in foreign operations have the purpose of protecting the entity against the risk of any unfavourable change in fair value associated with the foreign exchange risk within an investments in foreign operations in a currency other than the Euro.

When an entity intends to use hedges, the following conditions shall be met in order to benefit from hedge accounting:

- Eligibility of the hedging instrument and of the hedged instrument;
- Formalized documentation since inception, specifically including the individual designation and the characteristics of the hedged item, of the hedging instrument, the type of hedging relationship and the nature of the hedged risk;
- Evidence of the hedge effectiveness, at inception (i.e. prospectively) and retrospectively, through tests made at each reporting date.

For interest rate risk hedging of a portfolio of financial assets or financial liabilities, Crédit Agricole Italia prefers a fair value hedge documentation, as permitted by the IAS 39 endorsed by the European Union (carve out version).

Specifically:

- Crédit Agricole Italia documents these hedging relationships based on a gross position of derivative instruments and hedges items;
- The effectiveness of these hedging relationships is proved with effectiveness tests.

Measurement

The measurement of the derivative at fair value is recognized as follows:

- Fair value hedges*:* The derivative remeasurement is recognized in the income statement matching the remeasurement of the hedged item. The income statement reports only the net amount of any ineffective portion of the hedge;
- Cash flow hedges: the derivative remeasurement is recognised as a balancing item of a specific profit or loss account directly recognized through equity with recycling to profit or loss for the effective portion and any ineffective portion of the hedge is recognised through profit or loss. Accumulated profits and losses through equity are then recycled to the income/through profit or loss when the hedged cash flows occur;
- Hedges of net investments in foreign operations: the derivative remeasurement derivative is recognised as a balancing item through equity with recycling to profit or loss and the ineffective portion of the hedge is recognized through profit or loss.

Where the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment shall be applied prospectively:

- Fair value hedges: only the hedging instrument continues to be remeasured through profit or loss. The hedged item is wholly recognized in accordance with its classification. For debt instruments at fair value through equity with recycling to profit or loss, fair value changes after the termination of hedging relationship shall be fully recognized through equity. For hedged items measured at amortized cost, which were hedged for interest rate risk, the remaining portion of the remeasurement difference shall be amortized over the remaining life of the hedged items;

- Cash flow hedges: the hedging instrument is measured at fair value through profit or loss. The amounts accumulated through equity and regarding the effective portion of the hedge shall remain in equity until the hedged element affects profit or loss. Interest-rate hedged items shall be recognized through profit or loss as interests are paid. The remaining portion of the remeasurement difference is then amortized over the remaining life of the hedged items;
- Hedges of net investments in foreign operations: the accumulated amounts in equity regarding the hedge effective portion shall remain in equity as long as the net investment is held. Net investments are recognized in the income statement.

MAIN FINANCIAL STATEMENT ITEMS

1. Financial assets measured at fair value through profit or loss (FVTPL)

CLASSIFICATION

This category comprises the financial assets not classified as "Financial assets measured at fair value through other comprehensive income" or as "Financial assets measured at amortised cost".

The "Financial assets measured at fair value through profit or loss" item consists of three sub-items:

a) "*Financial assets held for trading*": this category consists of financial assets (debt securities, equity securities, loans and units in OICR collective investment undertakings) managed in order to realize cash flows through their sale and, therefore, under the "Other" Business Model; this category also includes derivative instruments (except for those classified as hedging derivatives or financial guarantee contracts);

b) *"Financial assets designated at* fair value*"*: this category consists of financial assets (debt securities and loans) so designated upon initial recognition and where the related requirements are met (fair value *option*). As regards this category, an entity may irrevocably designate a financial asset at fair value through profit or loss if, and only if, by doing so it removes or materially reduces any measurement inconsistency;

c) *"Financial assets mandatorily measured at* fair value*"*, consisting of the financial assets that are managed with the "Hold to Collect" or "Hold to Collect and Sell" business model, but that do not meet the requirements to pass the SPPI test (as their contractual terms do not solely envisage payments of principal and interest on the principal amount outstanding) or that are managed under the "Other" business model but are not held for trading. This category reports also units in OICR collective investment undertakings; this item also reports equity securities that are not held for trading, for which, at first recognition, the entity did not exercised the option to classify them at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

Debt and equity securities and units in OICR collective investment undertakings are initially recognized at the settlement date, while derivative contracts are recognized on the date they are signed. Loans are recognized on their origination date.

Specifically, upon recognition at the settlement date, the reporting entity recognizes any changes in the fair value of the asset occurred between that date and the trading date, based on the same criteria identified for the purchased assets.

On initial recognition, "Financial assets measured at fair value through profit or loss" are recognized at fair value; unless otherwise specified, it consists of the price paid to execute the transaction and any transaction costs or revenues attributable to the instrument are not taken into account but are taken directly to the Income Statement.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, "Financial assets measured at fair value through profit or loss" are stated at fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

To measure the fair value of financial instruments that are quoted in an active market, market prices are used. Where there is no active market, fair value is measured using generally accepted estimation methods and measurement models that take account of all the risk factors correlated to the instruments and that are based on information available on the market, such as: the measurement of the price of listed instruments with similar features, discounted cash flows, option pricing models, values reported for recent comparable transactions, etc.

For equity securities and derivative instruments that have equity securities as underlying assets, not quoted in an active market, the cost approach is used as the fair value estimate only to a residual extent and limited to very few cases, that is to say when there is a wide range of possible fair value measurements of which cost is the most significant estimate.

The effects of the application of this measurement approach are recognized in the Income Statement, under item 80 "Net profit (loss) on trading" for "Financial assets held for trading" and under item 110 "Net profit (loss) on financial assets and liabilities measured at fair value through profit or loss" for "Financial assets designated at fair value" and for "Financial assets mandatorily measured at fair value". The same items report the derecognition of such financial assets. For more information on fair value measurement, please refer to paragraph 16 "Other Information – Fair Value Measurement" and to "Part A.4 – Fair value reporting".

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows;
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements).

2. Financial assets measured at fair value through other comprehensive income (FVOCI)

CLASSIFICATION

This category consists of financial assets that meet both the following conditions:

- The financial asset is managed in accordance with the "Hold to Collect and Sell" Business Model whose objective is achieve both by collecting the contractual cash flows and by selling the asset, and
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding.

Therefore, this category includes debt securities and loans that are managed in accordance with the "Hold to Collect and Sell" Business Model and that have passed the SPPI test. This category also includes equity instruments, not held for trading, for which the irrevocable option was exercised upon initial recognition for their designation at fair value through other comprehensive income.

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS 32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt and equity securities and, as regards loans, at their disbursement date. At initial recognition, these assets are recognized at fair value that equal to, unless otherwise stated, the price paid for the transaction execution, including any costs or revenues directly attributable to the instrument.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, Assets classified at fair value through other comprehensive income, consisting of debt securities and loans, are measured at fair value, recognizing the impacts generated by the amortized costs application in the Income Statement. For amortized cost measurement, please refer to paragraph 16 "Other information - Amortized Cost Measurement". Profits and losses on fair value measurement are recognized in a specific equity reserve (item "110.Valuation reserves"), which shall be recycled to the income statement (item 100b "Profit/losses from disposal/repurchase of financial assets measured at fair value through other comprehensive income) upon derecognition of the financial asset.

"Financial assets measured at fair value through other comprehensive income" – being them debt securities and loans – are subject to impairment testing in accordance with the IFRS 9, as are Assets at amortized cost, with subsequent recognition of value adjustments in the Income Statement for expected losses. These adjustments are recognized in the Income Statement under item "130. Net adjustments/recoveries for credit risk"; the same applies, in a mirror-like way, to recoveries on part or all write-downs made in previous periods.

Equity instruments for which the option was exercised for their classification in this category are measured at fair value; profits or losses from fair value measurement are recognized as a balancing item of a specific equity reserve (item "110. Valuation reserves"). These reserves shall never be recycled to the income statement, including where allocated by selling the asset; in that case, the accumulated balance of the reserve is not recycled through profit or loss, but it is classified under retained earnings reserves in equity (item "140. Reserves"). Moreover, these assets shall not be written down in the Income Statement as they are not subject to impairment. The only component recognized in the Income Statement is collected dividends.

Fair value is determined using the standards adopted for "Financial assets measured at fair value through profit or loss". For the equity instruments included in this category, which are not quoted in an active market, the cost approach is used as the fair value estimate to a residual extent only and in very few circumstances, i.e., when all the measurement methods referred to above cannot be applied, or when there is a wide range of possible measurements of fair value, of which cost is the most significant estimate. For more information on fair value measurement, please refer to paragraph 16 "Other Information – Fair Value Measurement" and to "Part A.4 – Fair value reporting".

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained.

Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been sold are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

3. Financial assets measured at amortized cost

CLASSIFICATION

This category consists of financial assets, specifically debt securities and loans, that meet both the following conditions:

- The financial asset is managed in accordance with the "Hold to Collect" Business Model whose objective is achieve by collecting the contractual cash flows;
- The contractual terms of the financial asset provide for, at specified date, cash flows that are solely payments of principal and interest on the principal amount outstanding.

More specifically, this category includes loans to customers and banks – in any technical form – and debt securities that meet the requirements referred to above. This category also includes receivables originated by finance lease transactions under IFRS 16 and operating loans and receivables linked to the provision of financial services, as defined by the Italian Consolidated Law on Banking (T.U.B.) and by the Italian Consolidated Law on Finance (T.U.F.) (e.g. for the distribution of financial products and servicing activities).

IFRS 9 allows reclassifications between the different categories only if the entity changes its business model for the management of the financial assets concerned. In such cases, which are expected to be infrequent, the reclassification shall apply from the date of reclassification and the reporting entity is not required to redetermine profits, losses and interests as previously recognized.

For more exhaustive reporting on the accounting effects generated by reclassifications, please refer to the "Financial instruments (IFRS9, IAS 39 and IAS32)" paragraph in Part A.2 herein.

RECOGNITION

These financial assets are initially recognized at the settlement date for debt securities and, as regards loans, at their origination date. This asset item reports separately:

- Due from banks;
- Loans to customers.

Specifically, for loans, their origination date is usually the same as the date of contract signing. Should this not be the case, upon contract signing a commitment to disburse funds shall be recognized and derecognized on the loan disbursement date.

Loans and receivables are initially recognized at their fair value that is equal to the amount disbursed, or subscription price, including costs and revenues directly attributable to the individual loan and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs that can be classified as normal administrative overhead costs, despite having the above characteristics.

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Following initial recognition, these financial assets are measured at amortized cost using the effective interest rate method.

Measurement at amortized cost entails that the asset is recognized at an amount equal to its initial recognition value less principal repayment, plus or minus accumulated amortization in accordance with the aforementioned effective interest rate method, of the difference between the initial amount and the amount at maturity (typically attributable to costs/income directly pertaining to the individual asset) and adjusted by any loss coverage provision.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the asset in terms of principal and interest, to the amount disbursed including costs and revenues attributable to the asset. Expected cash flows shall be estimated taking account of all contractual terms of the financial instrument, but irrespective of expected losses on loans and receivables. The calculation includes all fees and commissions, transaction costs and all other premiums or discounts. This measurement method uses a financial approach and allows the economic effect of the costs/income directly attributable to a financial asset to be spread over its expected remaining lifetime. For more exhaustive reporting on this matter, please refer to paragraph 16 “Other information - Amortized Cost Measurement”.

The amortized cost method is not used for assets that have short lifetime, as their discounting is expected to have negligible effects, for those with indefinite maturity and revocable loans. These assets are measured at historical cost and the costs/revenues attributable to them are recognized in the Income Statement on an accrual basis throughout their contractual term of validity.

The book value of financial assets at amortized cost is adjusted in order to report any provision for expected loss coverage. Indeed, at every reporting date, these assets are tested for impairment in order to estimate any Expected Credit Losses (ECL).

This scope includes non-performing loans (known as “Stage 3” loans) classified as bad, unlikely- to-pay or non-performing past due in accordance with the rules issued by the Supervisory Authorities; this scope also includes performing loans classified as “Stage 1” and “Stage 2”, to which the Expected credit losses concept applies on a 12-month or lifetime basis, respectively.

The used bases of measurement are exhaustively described in the paragraph “Financial instruments (IFRS9, IAS 39 and IAS32) - Impairment for credit risk)” in Part A.2 of this document and, as already said, are strictly linked to the classification of these instruments in one of the three stages (credit risk stages) provided for by IFRS 9.

The model of impairment (provisioning) for credit risk comprises:

- Stage 1: from the initial recognition of the financial instrument (loan, debt security, guarantee…), the entity shall recognize expected credit losses over 12 months;
- Stage 2: if the credit quality deteriorates significantly for a given transaction or portfolio, the entity shall recognize the lifetime expected losses;
- Stage 3: when one or more default events have occurred on the counterparty with an adverse effect on the estimated future cash flows, the entity shall recognize a lifetime expected loss. Subsequently, if the conditions for classifying financial instruments in stage 3 are not met, the financial instruments are reclassified in stage 2, or in stage 1 , based on the decrease in credit risk.

Impairment losses are recognized in the income statement under item “130. Net losses/recoveries for credit risk”.

The original value of the financial assets is written back in following financial years if the exposure credit quality improves vs. the one that entailed the previous write-down. Impairment recoveries are recognized in the Income Statement under the same item and the value of the loan after the writeback shall in no event exceed the amortized cost that the asset would have had if the prior adjustment had not been made.

For non-performing exposures, accrued interests recognized in the Income Statement under item “10. Interest and similar income” are calculated based on amortized cost. The same item reports interest income due to the passage of time, calculated within the measurement of non-performing financial assets based on the original effective interest rate.

A specific item in the income statement reports interest income calculated with the effective interest method in accordance with Bank of Italy Circular 262.

DERECOGNITION

Financial assets are derecognized if one of the following cases occurs:

- Contractual rights to the cash flows from the assets have expired;
- The financial asset is sold with substantial transfer of all risks and rewards resulting from its ownership. Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred. Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows;
- Financial assets are written off where their recovery can no longer be reasonably expected, including in case of waivers of the rights to the asset;
- The entity retains the contractual right to receive the cash flows from the assets, but it concomitantly undertakes the contractual obligation to pay such flows to a third party (pass-through arrangements);
- The contract undergoes modifications that qualify as substantial. In case of substantial modifications to the contract (i.e. modifications that affect the characteristics and/or the cash flows of the financial instrument), the entity shall derecognize the financial instrument and shall recognize a new financial asset based on the contract as modified, irrespective of whether the renegotiation is finalized by signing a new contract or by modifying the existing one.

4. Hedging

In compliance with the decision made by the Crédit Agricole Group, Crédit Agricole Italia has not applied the "hedge accounting" rules provided for by IFRS 9, exercising the option given by IFRS9 itself. All hedges have continued to be reported in accordance with IAS 39, up to the date of application of the supplement on fair value macro hedging (after its endorsement by the European Union). Nonetheless, having regard to classification and measurement, IFRS 9 has been applied.

CLASSIFICATION

The "Hedging Derivatives" asset and liability items report financial derivatives held for hedging, which, as at the reporting date, have positive or negative fair values, respectively.

Hedging transactions are used to neutralize potential losses occurring on a given item or group of items attributable to a given risk, should the risk event take place.

The following types of hedges are used:

- Fair value hedges*:* These are used to hedge exposures to changes in the fair value (attributable to the different types of risk) of assets and liabilities or portions thereof, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39, which was endorsed by the European Commission;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency.

RECOGNITION

Hedging derivatives, like all derivatives, are initially recognized on their subscription date and measured at fair value.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Hedging derivatives are measured at fair value. Specifically:

- In case of fair value hedging, changes in the fair value of the hedged item are offset against changes in the fair value of the hedging instrument;

  This offsetting is recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" by reporting value changes regarding both the hedged item and the hedging instrument. Any difference that may arise, since it represents the partial ineffectiveness of the hedge, also represents its net effect through profit or loss;
- Cash flow hedges: these are used to hedge exposures to changes in future cash flows caused by certain risks associated with financial statement items. This type of hedge is essentially used to stabilize interest cash flows from variable-rate funding to the extent it concerns fixed-rate loans. In some cases, similar hedges are used for some variable-rate loans; Changes in the fair value of the derivative are recognizes in equity (item "110. Valuation reserves"), for the effective portion of the hedge, and are recognized through profit or loss only when the cash flow change to be offset occurs regarding the hedged item;
- Hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency and it is recognized as cash flow hedges are.

The derivative instrument is classified as held for hedging where there is formal documentation of the relationship between the hedged item and the hedging instrument and where it is effective at inception and throughout its life.

The effectiveness of the hedge depends on the degree to which changes in fair value of the hedged instrument or the relative expected cash flows are offset by changes in that of the hedging instrument. Accordingly, the actual effectiveness is gauged by comparing the above-mentioned changes, taking into account the intention of the company at the inception of the hedge.

Hedging is deemed effective when changes in the fair value (or the cash flows) of the hedging instrument almost entirely – i.e. within an interval of between 80% and 125% – offset changes in the value of the hedged item for the hedged risk factor.

Effectiveness is assessed at every reporting date, using:

- Prospective tests, which justify the application of hedge accounting, since they demonstrate the expected effectiveness of the hedge;
- Retrospective tests, which show the degree of effectiveness of the hedge achieved during the reference period. In other words, they measure how actual results deviate from the perfect hedge.

Any hedge ineffectiveness caused by economic circumstances that are expected to return to normal as confirmed by prospective tests is not taken into account.

DERECOGNITION - TERMINATION OF THE HEDGING RELATIONSHIP

It the hedge effectiveness is not proved by the verifications and tests carried out, from that time on hedge accounting, as described above, shall be terminated, the derivative contract shall be reclassified to "Financial assets measured at fair value through profit or loss" and, specifically, to "Financial assets held for trading".

In case of fair value hedges, the hedged item is measured with the original measurement approach of the category it belongs to; for instruments measured at amortized cost, any accumulated recoveries/losses recognized subsequent to the fair value change of the hedges risk are recognized in the Income Statement under interest income and interest expense throughout the residual life of the hedged item, based on the effective interest rate. If the hedged item is sold or repaid, the fair value portion that has not yet been amortized shall be immediately recognized in the Income Statement.

Furthermore, the hedging relationship terminates when:

- The derivative matures, is terminated or exercised;
- The hedged item is sold, matures or is repaid;
- The hedged future transaction is no longer highly probable.

Hedging of portfolios of assets and liabilities

The hedging of portfolios of assets and liabilities ("macrohedging") and its consistent recognition can be done after:

- Identifying the portfolio to be hedged and breaking it down by maturity;
- Designating the item to be hedged;
- Identifying the interest rate risk to be hedged;
- Designating the hedging instruments;
- Determining effectiveness.

The portfolio hedged against interest rate risk may comprise both assets and liabilities. This portfolio is broken down by maturity in terms of collection or repricing of the interest rate, after analyzing the cash flow structure. Fair value changes occurred in the hedged item are recognized in the Income Statement under item "90 Net profit (loss) on hedging activities" and in the Balance Sheet under item "50. Fair value change of financial assets in macro-hedge portfolios" or under item "50. Fair value change of financial liabilities in macro-hedge portfolios". Fair value changes occurred in the hedged item are recognized in the Income Statement under item "90. Net profit (loss) on hedging activities" and in the Balance Sheet under asset item "50. Hedging Derivatives" or under liability item "40. Hedging derivatives".

In case of early termination of fair value macrohedging, the accumulated recoveries/losses are recognized in the Income Statement under interest income or interest expense throughout the residual duration of the original hedging relationships, granted that it is verified that the related requirements are met.

5. Equity investments

CLASSIFICATION

This item reports the equity investments held in subsidiaries, joint arrangements and associates.

Subsidiaries are companies regarding which Crédit Agricole Italia is the investor that is exposed to or has right to variable returns from its involvement with such investees and, at the same time, has the ability to affect those returns through its power over such investees.

Joint arrangements are investees in which the voting rights and the control of its business activities are shared equally, directly or indirectly, between the Company and another party. Joint arrangements also include equity investments in which, despite the lack of equal voting rights, control over the business activities and the strategic policies of the investee company is shared with other parties under contractual agreements.

Associates are companies in which the Bank exercises a significant influence, holding, directly or indirectly, at least 20% of the voting rights (including "potential" voting rights that may be exercised) or having the power to participate in determining its financial and management policies, despite holding less than 20% of the voting rights, owing to specific legal ties, such as being party to a shareholders' agreement.

Significant influence is not ascribed to interests equal to or higher than 20%, in which the Company holds only equity rights to a portion of the return on the investments, does not have a say in the investee's management policies and can exercise governance rights only to the extent required to protect its equity investment.

RECOGNITION

These financial assets are initially recognized at the settlement date. At initial recognition, these financial assets are recognized at cost, including any goodwill paid upon acquisition which, therefore, is not separately recognized.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Equity investments are measured at cost, where the case written down for impairment.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking into account the present value of future cash flows that the equity investment could generate, including its value upon divestment.

If the recoverable amount is lower than the carrying amount, the difference is recognized in the Income Statement.

If the reasons for the impairment are removed subsequent to an event occurred after the impairment loss recognition, a writeback is taken to the Income Statement.

DERECOGNITION

Equity investments are derecognized in case of any sale that transfers all rights and rewards associated with their ownership.

In case significant influence or joint control can no longer be exercised, any residual investment shall be reclassified to the portfolios of financial assets in accordance with the IFRS 9.

6. Property, Plant and Equipment

CLASSIFICATION

"Property, plant and equipment" includes land, operating property, investment property, technical plants, furniture, furnishings and equipment of any type, works of art and property, plant and equipment inventories governed by IAS 2.

These assets are held to be used in production or supply of goods and services (property, plant and equipment used in operations in accordance with IAS 16), or to be rented out to third parties or for investment purposes (investment property governed by IAS 40) and are intended to be used for longer than one period.

This item also reports the rights-of-use of property, plant and equipment assets acquired with lease contracts in which the Bank is the lessee, irrespective of their specific legal form.

RECOGNITION

"Property, plant and equipment" items are initially recognized at cost, which includes, in addition to the purchase cost, all costs directly attributable to purchasing and placing the asset in service. Extraordinary maintenance expenses that increase the future economic benefits generated by such assets are recognized as an increase in the value of the assets, while ordinary maintenance costs are recognized in the Income Statement.

The initial measurement of the right-of-use asset includes the present value of future lease payments, the lease payments made on or before the lease contract effective date, initial direct costs and any estimated costs for dismantling, removal or restoration of the lease underlying asset, less any lease incentives received by the lessee.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

Property, plant and equipment assets, including investment property and right-of-use assets, are measured at cost less depreciation and impairment.

These assets are systematically depreciated over their useful life on a straight-line basis, as reported in the table below:

Description	Duration
Land	No depreciation
Operating property	33 Years(1)
Other investment property	
- Other	33 Years(1)
- High-end property and property inventories (IAS2)	No depreciation
Furniture, fittings, alarm systems and vehicles	From 4 to 10 years
Computers and electronic equipment	From 3 to 10 years
Works of art	No depreciation

(1) It is specified that, in few specific cases and for specific property units, their useful life, appropriately calculated, may have different duration.

Lease right-of-use assets are depreciated on a straight-line basis over the lease term.

Properties are depreciated at a rate based on a useful life deemed fit to appropriately represent the deterioration of the assets over time due to use, taking into account any extraordinary maintenance costs, which increase the value of the asset, and ordinary maintenance costs, which maintain the value of the assets for longer periods of time. However, the assets' remaining useful life is verified on a regular basis.

The depreciation cost for property, plant and equipment is recognized in the Income Statement in the item "180 Net adjustments of/recoveries on property, plant and equipment".

The following assets are not depreciated:

- land, whether acquired separately or incorporated in the value of the building, since it has an indefinite useful life. Where its value is incorporated in the value of the building, under the components approach, the land is considered separable from the building. The division between the value of the land and the value of the building is based on appraisals by independent experts, only for buildings entirely owned by, and, therefore, fully available to Crédit Agricole Italia, including the land;
- High-end property;
- Property, plant and equipment inventories under IAS 2measured at the lower between their cost and net realizable value, that is to say their market value net of completion and selling costs;
- Works of art, as they have indefinite useful life and their value does not normally decrease over time.

If there is evidence of impairment of the asset, the asset's book value is compared to its recoverable value, that is to say the higher between their fair value and their value in use For more exhaustive reporting, please refer to paragraph "15 Other Information – Method to calculate impairment losses – Other non-financial assets".

Any adjustments are recognized in the Income statement under item "180 Net adjustments of/recoveries on property, plant and equipment".

If the reasons for impairment cease to exist, a writeback is recognized. The book value following the writeback shall not exceed the value the asset would have had, net of depreciation, in the absence of the prior writedown.

DERECOGNITION

Property, plant and equipment items are derecognized when disposed of or when the asset is permanently withdrawn from use and no future benefits are expected from its disposal.

7. Intangible assets

CLASSIFICATION

Intangible assets are non-monetary assets that are identifiable and not physical, stem from legal or contractual rights, are held to be used for several years and are expected to generate future economic benefits. The main types of intangible assets are:

- Software acquired from external sources or with licence for use;
- In-house developed software;
- Residual goodwill recognized as the difference between purchase cost and the fair value of the assets and liabilities acquired and contingent assets and liabilities recognized upon acquisition in accordance with the IFRS 3 determination criteria IFRS 3;
- The intangibles representing business with Customers are recognized subsequent to the application of IFRS 3.

RECOGNITION

Separately acquired and internally generated intangible assets are initially recognized at cost adjusted by any ancillary expenses, only if the economic benefits from the asset are likely to be generated and if its cost can be reliably determined. Otherwise, the intangible asset cost is recognized in the Income Statement for the period in which it is borne. Intangible assets acquired through business combinations are recognized at fair value as at the acquisition date.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, intangible assets are recognized net of the accumulated amortization and of any accumulated impairment losses. Intangible assets' useful life is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized over their useful life and are tested for impairment every time signals of possible impairment are detected. The amortization period and approach for intangible assets with finite useful life are reassessed at least at the end of every year. Changes in the expected useful life or in the modalities with which the future economic benefits linked to the assets occur, are recognized through the change of the period or amortization approach, as the case may be, and are considered as accounting estimate changes. Amortization of intangible assets with finite useful life is recognized in the Income Statement in the item "190 Net adjustments to/recoveries on intangible assets".

Generally, software useful life is estimated as being five years. In compliance with IAS 38, some large projects have been specifically identified and their useful life has been measured as being ten years. Intangibles consisting of business with Customers and recognized under IFRS 3 are assigned finite useful life, determined based on the available time series on the rates of customer turnover.

Intangible assets with indefinite useful life, including goodwill are not amortized, but are tested for impairment annually, both at individual level and at a cash-generating unit level.

The amount of any impairment is calculated based on the difference between the recoverable amount of the cash-generating unit and its carrying amount.

This recoverable amount is the higher of the fair value of the cash-generating unit, net of any selling costs, and its value in use. Any subsequent value adjustments are recognized in the Income Statement.

DERECOGNITION

Intangible assets are derecognized from the Balance Sheet when disposed of or when no future economic benefits are expected to be generated by the asset.

Profits or losses resulting from the derecognition of intangible assets are calculated as the difference between the net disposal revenue and the book value of the intangible asset and are recognized in the income statement for the year in which the derecognition is made.

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

RECOGNITION, CLASSIFICATION, MEASUREMENT AND DERECOGNITION

"Non-current assets held for sale and discontinued operations" and "Liabilities in respect of assets held for sale" report non-current assets or groups of assets/liabilities which are in the process of being divested and for which a sale is considered highly probable. In case of transactions subject to authorization to be issued by Supervisory Authorities, the Group's accounting policy, since it attaches an essential value to such authorization, provides for "Non-current Assets/Liabilities and discontinued operations" to be recognized as from the date of receipt of the such authorization (whether express or tacit).

These assets/liabilities are measured at the lower between their book value and their fair value net of disposal costs, except for some types of assets – comprising for instance all financial instruments in IFRS 9 scope of application – to which, in accordance with IFRS 6, the measurement bases as per the reference standard shall continue to be applied.

Income and expenses linked to assets and liabilities held for sale and discontinued operations, if linked to discontinued operations under IFRS 5), are presented in the income statement, net of tax effects, in item "290. Profit (Loss) after tax from discontinued operations", while if linked to single non-current assets held for sale, they are recognized in the most appropriate item in the income statement.

"Discontinued operations" must be understood as an important self-standing part of business or geographical area of operations, also within a single coordinate divestment programme, or a subsidiary that has been acquired solely in order to be resold.

Non-current assets held for sale and discontinued operations are written off upon disposal.

9. Current and Deferred Taxes

These items report current and deferred tax assets and current and deferred tax liabilities, respectively, as regards income taxes.

Income taxes, calculated in accordance with the Italian tax legislation, are recognized on an accrual basis, consistently with the recognition of the costs and revenues generating them. Therefore, they represent the expense, equal to the balance of current and deferred tax assets and current and deferred tax liabilities, for taxes on income for the period. Income taxes are recognized in the Income Statement, except for those related to items debited or credited directly in equity, for which the related taxes are recognized, for consistency purposes, in equity.

The effects of current taxes and deferred tax assets and liabilities are recognized at the applicable tax rates.

Income taxes are calculated on the basis of forecasts of the current tax liability and deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are calculated on the basis of temporary differences – without time restrictions – between the value attributed to an asset or a liability pursuant to the Italian Civil Code and the corresponding values used for tax purposes.

In March 2016, the national tax consolidation scheme was adopted, with effects since the 2015 tax period, by the Crédit Agricole Group in Italy; such scheme was introduced with Article 6 of Italian Legislative Decree No. 147 of 14 September 2015, according to which also the Italian "sister" companies, whose controlling Company is resident in a EU Member State, may exercise the option for consolidated taxation. This regime provides for the consolidated companies to transfer their taxable income (or their tax loss) to the Consolidating Entity Crédit Agricole Italia, which calculates a single taxable income or a single tax loss of the Group for the Italian corporate income tax (IRES), as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account payable to or receivable from the Italian Inland Revenue Agency. In the consolidating entity's financial statements, the intra-group balances resulting from the tax consolidation scheme are reported under item "Financial assets measured at amortized cost - due from banks or customers" in an amount equal to the Corporate Income Tax (IRES) net of withholdings due and payments on account made (in the "Financial liabilities measured at amortized cost - due to banks or customers" item if the payments on account made are higher than the amounts due). In the same financial statement items, the scheme member entities recognize the receivable or payable balances resulting from their respective taxable income contributions to the consolidating entity.

Deferred tax liabilities are calculated using the so-called balance-sheet liability method.

Deferred tax assets, relating to deductible temporary differences or future tax benefits that can be gained by carrying forward tax losses, are recognized to the extent their recovery is deemed likely and after the probability test, which is to be run on a yearly basis, in accordance with IAS 12.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the reserves subject to tax deferral arrangements, since the amount of available reserves already subject to taxation makes it likely that no taxable operations will be carried out.

Deferred tax assets and liabilities are recognized in the Balance Sheet with open balances without any offsetting, the former under the "Tax Assets" item, the latter under the "Tax Liabilities" one.

Deferred tax assets and liabilities are systematically measured to reflect any changes in tax regulations or rates, as well as in any other situation specifically applying to the Company. The effects are recognized in the Income Statement, except when these regard changes in the temporary differences in items for which accounting policies require recognition directly in equity, in which case the change in the deferred tax liability or asset is taken directly to equity.

Having regard to the Pillar 2 rules published by the Organization for Economic Co-operation and Development (OECD), Crédit Agricole Italia has applied the exception to the recognition and disclosure on deferred tax assets and liabilities related to the Pillar 2 income taxes, in accordance with IAS 12. Further disclosure is given in paragraph 1 Pillar II – Globe in Section 1 – Statement of compliance with the International Accounting Standards/International Financial Reporting Standards.

10. Provisions for risks and charges

This item comprises provisions for risks and charges when the following conditions are met:

- A present obligation (legal or implicit) exists resulting from a past event;
- It is likely that resources will have to be used in order to generate the economic benefits necessary to fulfil the obligation;
- The obligation amount can be reliably estimated.

If the time factor is significant, provisions for risks and charges are discounted. The allocation to provision is recognized in the Income Statement, which also reports interest expense accrued on provisions that have been discounted.

PROVISIONS FOR RISKS AND CHARGES REGARDING COMMITMENTS AND GUARANTEES GIVEN

This sub-item of the "provisions for risks and charges" item reports credit risk allowances recognized for commitment to disburse funds and for guarantees given within the scope of application of the impairment rules pursuant to IFRS 9. In principle, for these cases, the same methods apply for the allocation to the three credit risk stages and for the calculation of the expected loss as reported with regard to financial assets measured at amortized cost or at fair value through other comprehensive income.

POST-EMPLOYMENT BENEFITS

Pension plans, created pursuant to corporate agreements, qualify as "defined-benefit plans".

The liabilities referring to these plans and the relating social security costs for employees currently on staff are determined based on actuarial assumptions by applying the Projected Unit Credit (PUC) method. Under this method, future outlays are projected based on analyses of time series and the demographic curve and the discounting of these cash flows using market interest rates, as set forth in the relevant tables in the Notes to the Financial Statements.

Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

Actuarial profits and losses, defined as the difference between the liability book value and the present value of the commitments as at the reporting date, are fully recognized directly in equity, under the item "Valuation reserves".

OTHER PROVISIONS

Other provisions for risks and charges include provisioning for legal or other obligations associated with employment relationships or disputes, including tax disputes, resulting from a past event for which a cash outflow to settle the obligation is likely, granted that its amount can be reliably estimated.

Where the time factor is significant, provisions are discounted using current market rates. The amount allocated to provision is recognized in the Income Statement under item "170. Net provisions for risks and charges" and reports the increases in the provisions due to the passage of time.

This item also reports long-term employee benefits, the liabilities for which are determined using the same actuarial assumptions described for post-employment benefits. Actuarial gains and losses are immediately recognized in full in the Income Statement.

11. Financial liabilities measured at amortized cost

CLASSIFICATION

The "Due to banks", "Due to customers" and "Debt securities issued" items report all forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, bonds and other funding instruments issued, less any amounts repurchased.

This item also reports lease liabilities recognized by the entity as the lessee.

RECOGNITION

These financial liabilities are initially recognized upon the signing of the relevant contract, which is usually the date of receipt of the funds raised or of the issue of debt securities.

These financial liabilities are initially recognized at fair value, which usually is equal to the amount collected or the issue price plus any additional expenses/income that can be directly attributed to the single financing or issue transaction. Internal administrative expenses are excluded

Repurchase agreements or reverse repurchase agreements are recognized as funding or lending transactions. Specifically, repurchase agreements are recognized as due and payables for the spot amount received, whereas reverse repurchase agreements are recognized as loans and receivables for the spot amount paid.

Lease liabilities are recognized based on the present value of future lease payments still to be made as at the lease contract effective date in accordance with IFRS 16.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

After initial recognition, these financial liabilities are measured at amortized cost with the effective interest rate method. The result of the application of this method is taken to the income statement in item "20 Interest and similar expenses". Accrued interest income on financial liabilities is recognized under item "10 Interest and similar income".

This does not apply to short-term liabilities which are recognized in the amount collected since the time factor is negligible.

After the lease contract effective date, the lessee shall redetermine its lease liabilities in order to take account of the changes to lease payments; the amount of the redetermined lease liabilities shall be recognized as an adjustment of the right-of-use assets.

DERECOGNITION

Financial liabilities are derecognised when they mature or are settled. Liabilities are also derecognized when previously issued securities are repurchased.

The difference between the liability book value and the amount paid to purchase such liability is recognized in the Income Statement under item 100 “Net profit (loss) on sale or repurchase of financial liabilities”.

The subsequent placement of repurchased securities on the market is treated as a new issue and is recognized at the new placement price, with no effect through profit or loss.

12. Financial liabilities held for trading

RECOGNITION

These financial instruments are recognized, at the date of subscription or at the date of issue, at cost that is equal to the instrument fair value, without taking into account any directly attributable transaction costs or income.

CLASSIFICATION

This item also reports the negative value of derivative contracts held for trading, as well as the negative value of derivatives that are embedded in complex contracts but that are not strictly connected to such contracts.

It also includes liabilities originating from technical overdrafts generated by securities trading.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

All liabilities held for trading are measured at fair value through profit or loss.

For more information on fair value measurement, please refer to paragraph 15 “Other Information - Fair Value Measurement” and to “Part A.4 - Fair value reporting”.

Profits and losses on trading and any capital gains and losses on measurement of the trading book are recognized in the Income Statement under item “80. Net profit (loss) on trading activities”.

DERECOGNITION

Financial liabilities held for trading are derecognized when the contractual rights to the relevant cash flows expire or when the financial liability is sold with substantial transfer of all risks and rewards of ownership.

13. Financial liabilities designated at fair value

Crédit Agricole Italia has not exercised the fair value *option* for financial liabilities.

Financial liabilities may be designated at fair value if one of the following conditions is met:

- This classification allows to eliminate or significantly reduce any “accounting mismatching”;
- They belong to groups of liabilities that are managed and their performance is measured based on fair value, in accordance with an appropriately documented risk management strategy.

14. Foreign currency transactions

RECOGNITION

Transactions in a foreign currency are initially recognized in the reporting currency by translating the foreign currency amount at the exchange rate in force on the date of the transaction.

MEASUREMENT AND RECOGNITION OF INCOME COMPONENTS

At each financial reporting date, foreign currency items are measured as follows:

- Monetary items are translated at the exchange rate in force as at the reporting date;
- Non-monetary items measured at historical cost are translated at the exchange rate in force as at the transaction date;
- Non-monetary items measured at fair value are translated at the exchange rate in force as at the reporting date.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or the translation of previous Financial Statements, are recognized in the Income Statement for the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity.

Conversely, when a profit or a loss is recognized in the Income Statement, the related exchange rate difference is also recognized in the Income Statement.

15. Other Information

ADJUSTMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES IN MACRO-HEDGE PORTFOLIOS

These items report changes in the fair value of financial assets and liabilities macro-hedged against interest rate risk, based on their respective balances, either positive or negative. The recognition of hedges is reported in point 4 “Hedging” of this section.

LEASES

IFRS 16 “Leases” requires entities to determine whether a contract is (or contains) a lease, based on the right to control the use of an identified asset for a given period of time; therefore, rental, hire, lease or loan for use contracts are in the scope of application of the standard.

Leases in which the Bank is the lessee

IFRS 16 provides for a single lessee accounting model, requiring lessees to apply it to both operating and finance leases, with the recognition of a Right of Use (“RoU”).

Therefore, for all leases in which it is the lessee, the reporting entity shall recognize the items listed below in its balance sheet:

- Future lease payments, which shall be recognized under financial liabilities as Lease Liability, which reports the obligation to make future payments and is discounted at the incremental borrowing rate (the liability decreases in accordance with payments made and increases by the amount of accrued interest due);
- The right of use,recognized under Property, plant and equipment (RoU Asset) to be calculated as the sum of the lease liability, the initial direct costs, any payments made on or before the contract effective date (net of any lease incentives received) and of dismantling and restoration costs.

The following are recognized in the income statement:

- The expenses for depreciation of right of use asset over the lease term on a straight-line basis;
- Interest expense accrued on the financial liability.

In case of any subsequent “finance” sublease, the related right-of-use asset is derecognized and the account receivable for the financial sublease is concomitantly recognized,,amounting to the total contractual rent income discounted at the head lease contract date ; interest income shall accrue on the recognized receivable, while any differences between the derecognized right of use and the recognized receivable shall be immediately taken to the income statement. Therefore, the head lease liability continued to be recognized and interest expenses shall accrue on it. In case of “operating” sublease, the rent income accrued and collected as the lessor shall be recognized in the income statement, continuing to recognize the right-of-use and the head lease liability, along with the related effects on profit or loss. An intermediate lessor shall assess whether the sublease is a finance or operating lease within the scope of the asset consisting in the right of use rather than in the underlying actual asset.

Crédit Agricole Italia exercised the options for the exemptions provided for by the standard listed below:
- Exclusion of short-term lease contracts, i.e. with duration of less than 12 months);
- Leases of low-value assets (lease contracts for assets with unit value of less than Euro 5 thousand).

Furthermore, it is specified that, based on the IFRS 16 requirements and the clarifications given by IFRIC (document "Cloud Computing Arrangements" of September 2018), software shall not fall in the IFRS 16 scope; therefore, all software shall be recognized in accordance with IAS 38 and the related requirements.

Leases in which the Bank is the lessor

In accordance with IFRS 16, leases are considered finance leases if they transfer all risks and rewards of ownership; otherwise, leases are classified as operating leases.

For finance lease contracts entered into by Crédit Agricole Italia as the lessor, the leased assets are recognized as receivables in the Balance Sheet with a value equal to the lease net investment, while interest income (financial components of lease fees) is recognized in the Income Statement.

For operating leases, the lease payments accrued are recognized under the "Other income" item.

Sale and leaseback transactions

In a sale and leaseback transaction, an entity (seller-lessee) sells an asset to another entity (buyer-lessor) which then leases it back to the seller-lessee; therefore, under the lease contract, the seller-lessee keeps its right to use of the sold asset.

In order to determine the appropriate accounting treatment under IFRS 16, it must first be assessed whether the transaction qualifies as a sale complying with the IFRS 15 requirements.

If the transfer of the asset by the seller-lessee is assessed as a sale, the seller-lessee shall assess the asset consisting of the right of use under the leaseback at the percentage of the previous book value of the asset consisting of the right of use retained by the seller-lessee. Consequently, the seller-lessee shall recognize only the amount of the gains or losses referring to the rights transferred to the buyer-lessor. If the fair value of the consideration for the sale of the asset is not equivalent to the fair value of the asset or if the lease payments due are not at market prices, the sale proceeds at fair value shall consider that the below-market-price conditions shall be recognized as an advanced payment on the lease payments due and higher-than-market-price conditions shall be recognized as an additional loan supplied by the buyer-lessor to the seller-lessee. If the transaction does not qualify as a sale under IFRS 15, the seller-lessee shall continue to recognize the transferred asset and a financial liability under IFRS 9 for the transfer proceeds; the buyer-lessor shall recognize a financial asset under IFRS 9 amounting to the transfer price.

TREASURY SHARES

Shares issued and then bought back are recognized as a direct reduction in equity. No gain or loss from the purchase, sale, issue or repayment of those instruments shall be taken to the Income Statement. Each and every amount paid or received for those instruments shall be recognized directly in equity.

OTHER ASSETS

This item reports assets that cannot be classified under other asset items in the Balance Sheet. By way of example, this item may report:
- Gold, silver and precious metals;
- Accrued income other than capitalized on the related financial assets;
- Receivables associated with the supply of non-financial goods and services;
- Tax due and payables other than those recognized under item "100. Tax assets".

It also reports leasehold improvement,expenses other than those recognized under item “80. Property, plant and equipment”, as they cannot be separated by the assets they refer to and, therefore, cannot be used separately. It can also report any remaining assets (“debt balance”) of transit and suspended items not recognized in the relevant accounts as long as their total amount is negligible. The costs of renovating leased property are capitalized in consideration of the fact that, for the duration of the lease, the lessee company has control over and enjoys the future economic benefits of the assets. The aforementioned costs are normally amortized in 5 years. The balancing item in the Income Statement of the above amortization is recognized under “Other operating expenses”.

Tax due and payables recognised in item “Other assets”: purchase of Tax Credits from customers

Crédit Agricole Italia designed and implemented a service for the purchase of tax credits from Customers in accordance with the instructions given by the competent Authorities in document “Accounting treatment of the tax credits associated with the “Cure Italy” and “Relaunch” Italian Law Decrees purchased from the direct beneficiaries thereof or from previous purchasers” published on 5 January 2021 by the Coordination table between Consob, the Bank of Italy and Ivass regarding the application of the. IAS/IFRS.

In accordance with the applicable legislation and given that the accounting of tax credits purchased from a third party is not governed by any specific IAS/IFRS, the aforementioned policy makes reference to the accounting rules laid down by IFRS 9, provides for the purchased tax credits to be recognized as assets in the Balance Sheet under item 120 “Other assets”, initially at their fair value, equal to the purchase price paid to the Customers. For the tax credits, Crédit Agricole Italia has also adopted the Business Models given below:

- “Hold to collect”, whereby Crédit Agricole Italia recognizes the tax credits that were purchased to be held in order to be offset in the future. The tax credits under this business model are recognized with the amortized cost method under other assets and the income component of the rebate (delta between the credit nominal value and cash outflow) are recognized in the Income Statement under item 10 “Interest and similar income”.
- “Hold to collect and sell”, with first-time adoption as of 2023, whereby Crédit Agricole Italia recognizes tax credits purchased in order to be offset in the future or to be sold. The tax credits under this business model are recognized at fair value through other comprehensive income.

Considering the constraints laid down by the applicable legislation concerning the use in time of the purchased tax credits, their amount has been determined based on future offsettable payments estimated first of all on a historical basis and in accordance with the applicable legislation currently in force, for the years in which the tax credits will be offset. It is pointed out that the total amount of tax credits that may be purchased under both the HTC and the HTCS Business Models shall be within the limits of the estimated tax capacity for future FYs. In order to mitigate the potential risk consisting in failure to offset the purchased tax credits, the estimate has been decreased by a conservative percentage of the annual offsetting capacity.

ACCRUALS AND DEFERRALS

Accrued income and prepaid expenses and accrued expenses and deferred income for the period on assets and liabilities are recognized as adjustments to the assets and liabilities they refer to.

EMPLOYEE SEVERANCE BENEFITS

Until 31 December 2006, the employee severance benefits of Italian companies were considered defined-benefit plans. The regulation of these benefits was amended by Italian Law No. 296 of 27 December 2006 (Italy’s “2007 Finance Act”) and subsequent Decrees and Regulations issued in the first months of 2007. In the light of such amendments, this item is now to be considered a defined-benefit plan exclusively for the portions accrued before 1 January 2007 (and not yet settled as at the reporting date), whereas, after such date, it is treated as a defined-contribution plan.

Therefore, with reference to the defined-benefit plan component the benefit cost is calculated separately for each plan using the actuarial unitary credit projection method. Under this method, future outlays are projected based on an analysis of time series and the demographic curve, and the discounting of these cash flows using a market interest rate. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

The plan servicing costs are recognized under personnel costs, include interests accrued, while the actuarial gains and losses, including the revaluation based on the relevant ISTAT (the Italian National Institute of Statistics) Index of the portions accrued in previous years, are recognized in a special equity reserve.

Having regard to the Employee severance benefit portions accrued in the reporting period, based on the employees' choice, the amounts are allocated to supplementary pension schemes or to the Treasury fund managed by INPS (Italian Social Security Institute). The portions allocated to the defined-contribution plan are calculated based on the contributions due for each year without applying actuarial calculation methods.

RECOGNITION OF REVENUES AND COSTS

Revenues are recognised when realized or when it is probable that future benefits will be received and these future benefits can be reliably determined. Specifically:

- interest revenues are recognized on an accrual basis, using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- Default interest, if any is contractually provided for, is recognized in the Income Statement only upon collection;
- Dividends are recognized in the income statement when their distribution is authorized;
- Revenues from intermediation of financial instruments held for trading, calculated as the difference between the transaction price and the instrument fair value, are recognized in the Income Statement when the transaction is recognized, if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded;
- Fees and commissions that are an integral part of the effective yield on a financial instrument are recognised as an adjustment to the yield on the instrument and included in its effective interest rate;
- Fees and commission income from services are recognized, based on existing contractual agreements, in compliance with IFRS 15.

The net income from a transaction associated with the provision of services is recognised under Fee and Commission income at the time of transfer of control of the service to the customer, if this can be reliably estimated. This transfer may occur as the service is provided (ongoing service) or on a specific date (one-off service).

- Fee and commission income from ongoing services (fees and commissions on payment instruments, for example) shall be recognised through profit or loss according to the degree of progress of the service provided;
- Fees and commissions collected or paid as consideration for one-off services shall be fully recognized through profit or loss when the service is provided.

Fees and commissions to be paid or collected, or not yet earned, shall be progressively recognized as the performance obligation is satisfied over time. These estimates shall be updated at every reporting date. In practice, this condition can result in the deferred recognition of certain items of performance-related fee and commission income until such income has been definitively acquired.

Costs are recognized in the Income Statement on an accrual basis; the costs regarding the obtainment and performance of contract with customers are recognized in the Income Statement in the periods in which the related revenues are recognized.

CONTRIBUTIONS TO THE SINGLE RESOLUTION FUND

The Bank Recovery and Resolution Directive (BRRD – 2014/59/EU) lays down the resolution rules applying since 1 January 2015 to all the banks within the European Union.

The relevant measures shall be financed by the National Resolution Fund, which, on 1 January 2016, was merged into the Single Resolution Fund – SRF, managed by the Single Resolution Board – SRB.

As at 31 December 2023 the Single Resolution Fund reached the target level of financial means in compliance with Article 69(1) of Regulation (EU) no. 806/2014 (SRMR), equal to at least 1 % of the amount of covered deposits of all credit institutions authorised in all of the participating Member States. That target was achieved thanks to the payment of ex-ante annual contribution by the authorized institutions in the Member States; in normal conditions, under Council Implementing Regulation (EU) 2015/81, the contribution obligation may also be fulfilled with *irrevocable payment commitments* (IPC). For 2023, credit institutions were given the option to pay 77.5% only of their contribution concomitantly recognizing a commitment to disburse funds amounting to 22.5% of their total contribution, as done in the previous years. To secure full payment of the total contributions, intermediaries are required to give eligible assets as collateral, which may consist only of cash.

In 2023, the Bank of Italy, in its capacity as the Resolution Authority, informed the Italian Banks that are subject to the above regulation of the ordinary contribution due for the 2023 financial year, calculated pursuant to Delegated Regulations of the European Commission No. 2015/63 and Council Implementing Regulation no. 2015/81. This contribution was determined by the Single Resolution Board in cooperation with the Bank of Italy.

It is reported that the option to settle 22.5% of the total contribution through irrevocable payment commitments was exercised.

These contributions are recognized in the Income Statement under “Other administrative expenses”. In accordance with IFRIC 21 “Levies” based on which the occurrence of the obligating event triggers recognition of the liability regarding the payment of a levy, as it is the moment in which the annual accrued portion of the obligation arises.

For FY 2024, in the light of the fact that the Single Resolution Fund target has been reached, no ex-ante contribution will be asked of the institutions of the Member States. Any contributions will be asked for only in case of specific circumstances or resolution actions entailing the use of the Single Resolution Fund.

CONTRIBUTIONS TO THE DEPOSIT GUARANTEE SCHEME

The Deposit Guarantee Scheme Directive - 2014/49/EU (DGSD) laid down an harmonized regulatory framework applying throughout the European Union on deposit guarantee schemes.

The Deposit Guarantee Scheme provides a coverage of Euro 100,000 per depositor. In Italy, it is managed by the Interbank Deposit Protection Fund. The Scheme requires member banks to give an *ex-ante* contribution, which is intended to achieve the financial target level, i.e. 0.8% of the amount of the covered deposits of all authorized credit institutions in all Member States, by 3 July 2024.

If the Scheme does not have the resources to intervene where needed, an extraordinary contribution (ex-post) may be requested.

These contributions are recognized in the Income Statement under “Other administrative expenses”. In accordance with IFRIC 21 “Levies” based on which the occurrence of the obligating event triggers recognition of the liability regarding the payment of a levy, as it is the moment in which the annual accrued portion of the obligation arises.

BUSINESS COMBINATIONS

Business combinations are recognized in accordance with IFRS 3 “Business Combinations”.

This standard requires business combinations to be recognized using the “acquisition method” of accounting, based on which assets, liabilities and contingent liabilities of the acquiree are measured at acquisition-date fair value.

Any portion of the price paid exceeding the acquisition-date fair values shall be recognized as goodwill or as other intangible assets; if the price is lower than acquisition-date fair value, the difference shall be taken to the Income Statement (badwill).

The “acquisition method” shall be applied from the acquisition date, i.e. the date on which control over the acquiree is actually obtained. Therefore, profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of its acquisition. Likewise, profit or losses of a subsidiary sold in the period are reported in the Consolidated Financial Statements up to the date on which control is transferred.

Business combinations between entities under common control are not within IFRS 3 scope of application, nor are they governed by other IFRSs; therefore, these business combinations are defined in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Business combinations between entities under common control do not fall into the IFRS 3 scope of application. In the absence of any IAS/IFRS that specifically apply to the combination, IAS 8 provides for the preparers of the entity 's financial statements to use their judgment in applying an accounting policy that ensures relevant, reliable and prudent information and that reflects the economic substance of the business combination.

Therefore, "intra-group" business combinations or business combinations between "entities under common control" within the Crédit Agricole Italia Banking Group are recognized on a predecessor basis of accounting, i.e. preserving continuity of the acquiree's value in the acquirer's financial statements. Specifically, the values of the acquired assets and liabilities are recognized based on the amounts reported in the consolidated financial statements. If the price paid for the acquisition of the equity investment is different from the book value of the transferred entity, the difference is recognized through equity by the acquirer company.

FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) on the main (or more advantageous) market, irrespective of whether this price can be directly observed or is estimated using a valuation technique. Fair value is calculated for each financial asset or liability. As an exception, it can be estimated at a portfolio level, if the strategy for risk management and monitoring allows it and if appropriate documentation is provided. However, certain fair value parameters are calculated on a net basis, when a group of financial assets and financial liabilities is managed based on its net exposure to market or credit risks. This is the case for calculation of Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA) for derivatives.

More exhaustive reporting on these parameters is given in Part A.4 Fair value reporting of the Notes to the Financial Statements.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

For financial instruments, fair value is determined using prices from financial markets in the case of financial instruments listed in active markets, or using internal measurement models for other financial instruments.

A market is considered active if quoted prices, representing actual and regular market transactions occurring during an appropriate reference period, are readily and regularly available from sources such as stock exchanges, stockbrokers, intermediaries, industry companies, pricing services or authorized bodies. Collective investment schemes (EFT), spot exchange transactions, futures, options and equity securities listed on a regulated market are considered as traded on a market. Bonds for which at least two executable prices can be detected on a quotation service with a bid-asking spread that is less than an interval deemed consistent are also considered as quoted. Otherwise, all securities, derivatives and hedge funds that do not belong to the above categories are not considered as traded on an active market.

For financial instruments traded on active markets, the price is used which is defined as "official", as at the closure of the reference period. In the case of financial instruments for which the bid-ask spread is immaterial, or for financial assets and liabilities capable of offsetting market risk, a "mid price" is used, i.e. the average market price (on the last day of the reference period) instead of the bid or ask price.

Where there is no active, liquid market, the fair value of financial instruments is defined mainly by using standard measurement techniques designed to establish what the transaction price would have been on the measurement date in an arm's length trade carried out for normal market reasons. In incorporating all the factors that operators would consider in setting the price, development of the valuation models takes into account the time value of money at the risk-free rate, the volatility of the financial instrument, as well as, where applicable, exchange rates, commodity prices and stock prices.

With finance products for which the fair value determined with measurement techniques cannot guarantee a sufficient degree of reliability, the value is calculated as the fair value at the reference date communicated by the parties with which the transactions were signed.

The measurement method chosen for a financial instrument is applied consistently over time and may only be altered if significant changes in market conditions or the subjective condition of the issuer of the financial instrument occur.

For bonds and derivative contracts, valuation models have been set, which refer to market parameters, to the time value of money and to risk-free rates.

Specifically, fixed-rate bonds are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

Derivative contracts are measured using specific calculation algorithms and specific numerical procedures according to the type of the different categories of transactions.

Stocks are measured considering the direct transactions, that is, significant transactions on the security registered in a sufficiently short timeframe with respect to the time of measurement and in constant market conditions, comparable transactions by companies operating in the same sector and supplying the same type of products/services as the associated company being evaluated provides, application of the average of significant stock exchange multiples of companies of a comparable financial size to the financial aggregates of the investee and, finally, financial, income and equity measurement methods.

For units in funds resulting from loan management initiatives, an estimate of the Fund made by an independent expert is used. If the asset management undertaking does not provide that estimate, the NAV communicated by the undertaking is reduced by a discount determined in accordance with market practices.

All the other funds not resulting from loan management initiatives are measured applying a discount determined in accordance with the market practices.

ASSETS AND LIABILITIES NOT MEASURED AT *FAIR VALUE* OR MEASURED AT *FAIR VALUE* ON A NON-RECURRING BASIS

For financial instruments held for sale and for those assets and liabilities recognized at cost or amortized cost, the fair value given as disclosure in the Notes to the Financial Statements is calculated as follows:

- The fair values of medium/long-term assets and liabilities not hedged and at floating rate are measured by discounting future cash flows, taking account of the liquidity and issue spread;
- A good approximation of the fair value of demand or short-term assets and liabilities is their book value as initially recognized and net of collective/individual writedowns;
- The book value of non-performing loans (bad loans, unlikely-to-pay and past-due positions) is deemed to be a reasonable fair value approximation;
- For the Senior notes under the securitizations and for the Agricole Basket Bond security, the measurement is based on the Discounted Cash Flow Model, with the discounting of expected cash flows (including principal plus interests, estimated based on the latest available business plan and following the payment cascade defined in the securitization prospectus) at a discount rate that takes into account the risk free rate component plus an issue, liquidity and credit spread.

For the fair value measurement of medium/long-term and fixed-rate securities and structured securities hedged for interest risk, the book value determined for hedge accounting purposes already takes into account the interest rate risk measurement and, therefore, in determining the fair value any change in own credit rating was taken into account, considering it within the Group.

The fair value of real estate assets is calculated making reference to appraisals by independent experts, considering transactions at current prices in an active market for similar properties in the same geographical area and under the same conditions for leases and other contracts.

AMORTIZED COST MEASUREMENT

The amortized cost of a financial asset or financial liability is the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity, and minus any impairment loss.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the financial asset or liability up to maturity or the subsequent repricing date to the present value of the financial asset or liability. To calculate the present value, the effective interest rate is applied to future cash flows or payments over the life of the financial asset or liability or for a shorter period of time under certain conditions (for example, changes in market rates).

Subsequent to initial recognition, the amortized cost method makes it possible to allocate revenues and costs pertaining to the instruments over their expected lifetime. The determination of the amortized cost varies according to whether the financial assets/liabilities being measured are at fixed or variable rate, and – in the latter case – according to whether the rate variability is known or not beforehand. For fixed-rate instruments, or instruments with fixed rate over specified time ranges, future cash flows are measured using the known interest rate (single or variable) over the life of the loan. For floating rate financial assets and liabilities whose variability is not known ahead of time (e.g. because it is linked to an index), cash flows are determined using the last known rate. Each time the rate is changed, the amortization schedule is recalculated, as is the effective rate of return over the entire useful life of the instruments, i.e. to maturity.

Measurement at amortized cost applies to financial assets measured at amortized cost and to financial assets measured at fair value through other comprehensive income, as well as to financial liabilities measured at amortized cost.

Financial assets and liabilities are initially recognized at fair value, which is normally equal to the amount received or paid, including, for instruments measured at amortized cost, directly attributable transaction costs, fees and commissions. Transaction costs are marginal internal or external costs or revenues that are directly attributable to the issue, acquisition or disposal of a financial instrument and that cannot be charged to the customer. These fees and commissions, which must be directly attributable to individual financial assets or liabilities, affect the original effective rate of return and cause the effective interest rate associated with the transaction to vary from the contractual interest rate. Transaction costs do not include costs and revenues that apply, indiscriminately, to more than one transaction and do not include components relating to events that could occur over the life of the instruments that are not certain at the time the instrument is initially prepared, such as: commissions for retrocession, failure to use a credit line, early repayment.

Furthermore, the amortized cost calculation does not take account of the costs that the Bank would bear independently of the transaction (for example, administrative costs), of the costs that, though specifically attributable to the transaction, fall within normal loan management practices (for example, activities associated with disbursement of the loan), as well as fees and commissions for services collected for the completion of Structured Finance operations, which would however have been collected irrespectively of the subsequent financing of the transaction (such as, for example, arrangement fees and commissions).

With specific regard to loans, the fees and commissions paid to the distribution channels, the fees paid for advisory services/assistance for the organization of and/or participation in syndicated loans, the costs incurred for the mortgage loans acquired under subrogation are all costs attributable to the financial instruments.

With regard to securities not measured at “fair value through profit or loss”, transaction costs include fees and commissions on contracts with stockbrokers operating in Italian markets, fees and commissions paid to intermediaries operating in foreign stock and bond markets based on set fee and commission schedules.

For securities issued, amortized cost is calculated taking into account fees and commissions for placing debenture loans paid to third parties, legal expenses, fees paid to stock exchanges and fees paid to auditors for work done on each individual issue, while the amortized cost includes fees and commissions paid to rating agencies, legal and advice/audit expenses for the annual update of prospectuses, expenses for the use of indices and fees and commissions that arise during the life of the debenture loan issued.

Following initial measurement, financial assets and liabilities are measured at amortized cost, reporting effective interest rates that are higher or lower than the nominal rates.

Hedged financial assets and liabilities, for which changes in fair value with respect to the hedged risk are recognized in the income statement, are not measured at amortized cost. However, the financial instrument is once again measured at amortized cost where the hedge terminates. From that moment, previously recognized changes in fair value are amortized, calculating the new effective interest rate that takes account of the value of the loan adjusted for the fair value of the hedged item, up to the originally scheduled expiry of the hedge. Moreover, as previously stated in the section on measuring loans and receivables, debt and debt securities issued, the amortized cost method does not apply to short-term financial assets and liabilities since the impact of discount is negligible, and does not apply to loans without a specified maturity or loans subject to revocation.

IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment if there is evidence that the book value of the asset can no longer be recovered.

The recoverable amount is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

If the carrying amount of an asset is higher than its recoverable amount, that asset is impaired and consequently recognized at its recoverable amount. The recoverable amount is the higher of the fair value of the property, plant and equipment or intangible assets net of sale expenses and the value in use.

The fair value of property is mainly determined on the basis of appraisals by independent experts. The appraisal is updated whenever there is a change in the property market trend that could affect the validity of the previous estimates and, in any case, every three years. Impairment is recognized if significant and durable deviations are found in the carrying amount vs. the market value.

For other Property, plant and equipment items and intangible assets (other than goodwill), the Bank determines the value in use as the present value of the estimated future cash flows using a discount rate before-taxes reflecting market data (the present value of money and asset-specific risks).

The methods used for the impairment testing of goodwill are reported in point No. 9.3 - Assets.

SEGMENT REPORTING METHOD

In accordance with IFRS 8, segment reporting is presented in the consolidated financial statements only, to which reference is made.

A.3 REPORTING ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

This case does not apply.

A.4 FAIR VALUE REPORTING

QUALITATIVE DISCLOSURES

CLASSIFICATION OF FINANCIAL INSTRUMENTS AND OF NON-FINANCIAL ASSETS/LIABILITIES

Reporting on the fair value hierarchy as required by IFRS 13 applies to financial instruments and to non-financial assets/liabilities that are measured at fair value (irrespectively of whether they are so measured on a recurring or non-recurring basis).

The standard classifies fair value into three different levels based on the observability of the inputs used for its measurement:

- **Level 1:** Fair value equal to quoted prices (with no adjustments) in active markets. Level 1 includes financial instruments that are quoted on active markets.

  Specifically, these financial instruments are stocks and bonds quoted in active markets, investment schemes quoted in active markets (EFT) and derivatives traded in regulated markets.

  Markets are considered active if the quotations are easily and regularly available on the stock exchange, from brokers, intermediaries, price quotation services or regulatory agencies and these prices represent actual transactions that are regularly carried out in the market on an arm's length basis.
- **Level 2:** Fair value determined using measurement models that are based on observable or indirectly observable market inputs (for example determining the yield curve based on interest rates that are directly observable on the market at a given reference date). Level 2 includes:
  - Stocks and bonds that are quoted on markets considered not active or that are not quoted on an active market, but whose fair value is determined using a measurement model based on observable or indirectly observable inputs;
  - Financial instruments whose fair value is determined with measurement models using observable market inputs.
- **Level 3:** Fair value determined, to a significant extent, using inputs that do not meet the set observability requirements. The fair value of some complex instruments that are not traded in active markets is determined with measurement techniques based on inputs that are not observable on the market or using the measurement communicated by qualified market players. They are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

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

- **Level 2**: this level includes all financial instruments for which there is no active market, but whose measurement is based on observable market inputs. Therefore, measurement models that refer to observable market inputs have been set.

  Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; floating-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameter.

  Derivative contracts are measured using specific calculation algorithms according to the type of the different categories of transactions. The adopted approaches are the ones normally used in the market for those derivative instruments, which are mainly plain vanilla ones.
- **Level 3**: this level includes all financial instruments for which there is no active market and whose measurement is not based on observable market inputs or using the measurement communicated by qualified market players.

CREDIT VALUATION ADJUSTMENT (CVA) AND DEBIT VALUATION ADJUSTMENT (DVA)

In accordance with the IFRS 13 regulatory framework, derivatives shall be priced based on market factors, as well as on the possible effects of the risk of the counterparty's default, which comprises the risk associated to the counterparty's creditworthiness, by calculating the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA is the value adjustment of an OTC derivative contract entered into by the Bank with an external counterparty, which reflects the possible loss resulting from the worsening of the creditworthiness/default of the counterparty. In a mirror-like way, the DVA expresses the CVA from the external counterparty's standpoint and consists in an adjustment of the derivative fair value based on the change in the creditworthiness of the Bank.

Based on the above, the value of a portfolio of OTC derivatives that are in force with a market counterparty is equal to the value of the same risk-free portfolio less the CVA plus the DVA.

As provided for by IFRS13, in certain conditions, risk mitigation tools may be used, such as ISDA master agreements and Credit Support Annexes (CSA). By signing ISDA Master Agreements, which are framework agreements that amount to the reference international standard on OTC derivatives, the Bank can calculate the CVA and DVA by netting set or by counterparty, after assessing the netting effect potentially resulting from such Agreements, rather than calculating it by single derivative. Much in the same way, risks can be mitigated by finalizing Credit Support Annexes, which are attached to the ISDA Mater Agreement and provide for the deposit with the creditor of an amount equal to the mark-to-market value of the exposure as collateral. Such collateral allows the present exposure and the consequent risk to be reduced and must be periodically reviewed in order to verify its consistency.

In accordance with IFRS 13, Crédit Agricole Italia has adopted a model implemented by its 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 Bank'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 and Loss Given Default 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.

As at 31 December 2023, the CVA value for Crédit Agricole Italia, calculated in accordance with the method reported above, was Euro -2.26 million.

Similarly, as at 31 December 2023, the DVA value was Euro 1.95 million.

The difference between the CVA and DVA amounts as calculated (equal to Euro -0.31 million), net of the same component already recognized as at 31 December 2022 (equal to Euro +2.13 million), is a negative income component

A.4.2 Processes and sensitivity of measurement

The Finance Department of Crédit Agricole Italia S.p.A. is responsible for defining the fair value levels of the financial instruments recognized. Choosing between the above methods is not an option, since they shall be applied in a hierarchical order: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

IFRS 13 also requires that, for recurring fair value measurements classified as Level 3 of the fair value hierarchy, a narrative description be given of the sensitivity of the fair value measurement to changes in unobservable inputs, if a change in those inputs could result in a significantly higher or lower fair value measurement.

Indeed, unobservable inputs that can affect the measurement of financial instruments classified as Level 3 mainly consist in estimates and assumptions underlying the models used to measure investments in equity securities and OTC derivatives. For these investments no quantitative sensitivity analysis of the fair value based on the change in unobservable inputs was carried out, since either the fair value was obtained from third-party sources without any adjustments or resulted from a model whose inputs are specific for the entity being measured (for example the company equity values) and for which alternative values cannot be reasonably assumed.

Reference is made to the breakdown analysis of the composition of these cases, which is reported in the next section on quantitative disclosures.

A.4.3 Fair value hierarchy

For the assets and liabilities recognized, the Finance Department assesses whether transfers between fair value levels have occurred and reviews the fair value categorization at each reporting date.

The Finance Department moves financial instruments from Level 1 to Level 2 only in case of financial instruments that are quoted in a regulated but not active market and that can be measured using the Group's internal standard pricing models. The Finance Department makes transfers to Level 3 only for financial instruments that are no longer listed in a regulated market and that cannot be measured using standard internal pricing models of the Group.

A.4.4 Other information

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

QUANTITATIVE DISCLOSURES

A.4.5 Fair value hierarchy

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

Assets/Liabilities measured at *fair value*	31 Dec. 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	103	198,400	153,014	88	331,834	186,789
a) financial assets held for trading	90	198,400	1	88	331,834	60
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	13	-	153,013	-	-	186,729
2. Financial assets measured at fair value through other comprehensive income	3,615,360	211,271	38,590	3,255,763	211,271	49,462
3. Hedging derivatives	-	863,622	25	-	1,318,583	63
4. Property, Plant and Equipment	-	-	-	-	-	-
5. Intangible Assets	-	-	-	-	-	-
Total	**3,615,463**	**1,273,293**	**191,629**	**3,255,851**	**1,861,688**	**236,314**
1. Financial liabilities held for trading	-	198,241	-	-	328,990	59
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	2,061,837	77,703	-	3,045,592	769,942
Total	**-**	**2,260,078**	**77,703**	**-**	**3,374,582**	**770,001**

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

In 2023 there were no transfers of assets and liabilities between fair value levels.

The impact of applying CVA and DVA on the fair value measurement of the derivatives held by Crédit Agricole Italia for trading and hedging came to Euro -0.31 million.

A.4.5.2 Changes for the year in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at *fair value* through profit or loss				Financial assets measured at *fair value* through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible Assets
	Total	Of which: a) financial assets held for trading	Of which b) financial assets designated at fair value	Of which: c) other financial assets mandatorily measured at *fair value*				
1. Opening balance	**186,789**	**60**	**-**	**186,729**	**49,462**	**63**	**-**	**-**
2. Increases	**24,008**	**51**	**-**	**23,957**	**1,217**	**-**	**-**	**-**
2.1 Purchases	17,383	48	-	17,335	212	-	-	-
2.2 Profits recognized in:	6,502	2	-	6,500	1,005	-	-	-
2.2.1 Income Statement	6,502	2	-	6,500	-	-	-	-
- of which: capital gains	919	-	-	919	-	-	-	-
2.2.2 Equity	-	X	X	-	1,005	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	123	1	-	122	-	-	-	-
3. Decreases	**57,783**	**110**	**-**	**57,673**	**12,089**	**38**	**-**	**-**
3.1 Sales	18,206	50	-	18,156	942	-	-	-
3.2 Repayments	35,299	59	-	35,240	780	-	-	-
3.3 Losses recognized in:	3,925	-	-	3,925	10,367	38	-	-
3.3.1 Income Statement	3,925	-	-	3,925	-	38	-	-
- of which: capital losses	3,925	-	-	3,925	-	-	-	-
3.3.2 Equity	-	X	X	-	10,367	-	-	-
3.4 Transfers to other levels	142	-	-	142		-	-	-
3.5 Other decreases	211	1	-	210	-	-	-	-
4. Closing Balance	**153,014**	**1**	**-**	**153,013**	**38,590**	**25**	**-**	**-**

A.4.5.3 Changes for the year in liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**59**	**-**	**769,942**
2. Increases	**-**	**-**	**5,192**
2.1 Issues	-	-	-
2.2 Losses recognized in:	-	-	5,192
2.2.1 Income Statement	-	-	5,192
- of which: capital losses	-	-	5,192
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**59**	**-**	**697,431**
3.1 Repayments	59	-	697,431
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	**-**	**-**	**77,703**

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31 Dec. 2023				31 Dec. 2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortized cost	71,631,910	4,645,549	2,331,557	62,367,839	81,364,405	11,598,893	5,523,234	63,712,608
2. Investment property	131,133	-	-	158,967	132,970	-	-	153,402
3. Non-current assets held for sale and discontinued operations	9,104	-	-	9,104	-	-	-	-
Total	**71,772,147**	**4,645,549**	**2,331,557**	**62,536,306**	**81,497,375**	**11,598,893**	**5,523,234**	**63,866,010**
1. Financial liabilities measured at amortized cost	81,789,029	-	78,034,510	3,659,539	83,673,492	-	82,634,854	1,098,736
2. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**81,789,029**	**-**	**78,034,510**	**3,659,539**	**83,673,492**	**-**	**82,634,854**	**1,098,736**

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

The book value recognized for non-performing loans, classified at Level 3 of the fair value hierarchy is assumed to be a reasonable approximation of the fair value. This assumption is based on the fact that the fair value calculation is mainly affected by the expected recovery from the borrower through internal collection activities based on the account manager's subjective assessment, as well as by the alternative scenario of selling the individual non-performing exposure on the market, which considers the main assessment parameters used by potential buyers; therefore, the recovery value recognized results from the weighting of such scenarios. For more details, please see Part A.2 – Part reporting on the main financial statement items – Impairment for credit risk – ECL governance and measurement. On the other hand, it is pointed out that the fair value of performing loans, classified at Level 3, as reported in the table, has been calculated based on models that use mainly unobservable inputs (e.g: internal risk parameters). Therefore, for these loans (stage 1 and stage 2), also because there is no secondary market, the fair value recognized, for disclosure purposes only, could be significantly different from the prices of any disposals.

A.5 ON DAY ONE PROFIT/LOSS

Paragraph 28 of IFRS 7 governs the specific situation where, in case of purchase of a financial instrument that is designated at fair value but not listed on an active market, the transaction price, which generally is equal to the fair value best estimate upon initial recognition, is different from the fair value determined based on the measurement techniques used by the entity.

In this case, a measurement profit/loss is realized upon acquisition, which shall be adequately reported by financial instrument class.

It is pointed out that this case does not apply to Crédit Agricole Italia Financial Statements.

PART B - INFORMATION ON THE ASSETS BALANCE SHEET

Section 1 – Cash and cash equivalents – Item 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
a) Cash	484,595	523,520
b) Current accounts and demand deposits with Central Banks	9,524,997	2,084,995
c) Current accounts and deposits with Banks	373,680	267,482
Total	**10,383,272**	**2,875,997**

Item b) Current accounts and demand deposits with Central Banks also reports the overnight and tom-next deposits with the Bank of Italy.

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

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2023			31 Dec. 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	**89**	**-**	**-**	**87**	**-**	**-**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	89	-	-	87	-	-
2. Equity securities	**1**	**-**	**1**	**1**	**-**	**1**
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**90**	**-**	**1**	**88**	**-**	**1**
B. Derivatives						
1. Financial Derivatives	**-**	**198,400**	**-**	**-**	**331,834**	**59**
1.1 held for trading	-	198,400	-	-	331,834	59
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 held for trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**-**	**198,400**	**-**	**-**	**331,834**	**59**
Total (A+B)	**90**	**198,400**	**1**	**88**	**331,834**	**60**

The decrease in item “Derivative instruments” resulted mainly from the change in measurement component.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY BORROWER/ ISSUER/COUNTERPARTY

Items/Values	31 Dec. 2023	31 Dec. 2022
A. On-balance-sheet assets		
1. Debt securities	**89**	**87**
a) Central Banks	-	-
b) Public administration bodies	87	85
c) Banks	2	2
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
2. Equity securities	**2**	**2**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance undertakings	-	-
c) non-financial corporations	2	2
d) Other issuers	-	-
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total (A)	**91**	**89**
B. Derivatives		
a) Central counterparties	-	-
b) Other	198,400	331,893
Total (B)	**198,400**	**331,893**
Total (A+B)	**198,491**	**331,982**

The trading book consists mainly of Over-The-Counter derivatives traded on a matched basis (back-to-back trading). The mismatch vs. the measurement of derivatives held for trading recognized in the “Financial liabilities held for trading” item resulted from the CVA/DVA application to fair value measurement, as reported in Part A.4 Fair value reporting of Accounting Policies.

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**1,345**	**-**	**-**	**1,433**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	1,345	-	-	1,433
2. Equity securities	**13**	**-**	**5,803**	**-**	**-**	**23,865**
3. Units of O.I.C.R. collective investment undertakings	**-**	**-**	**145,865**	**-**	**-**	**161,431**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**13**	**-**	**153,013**	**-**	**-**	**186,729**

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

Item 1.2 “Other debt securities” reports the 5% retained portion of the mezzanine and junior notes within the securitization of a NPL portfolio.

Item 2 “Equity securities”, amounting to Euro 5,816 thousand, reports the investments in the following companies: Friulia for Euro 4,671 thousand, Finapp for Euro 500 thousand, Flowpay for Euro 240 thousand, Blue Economy for Euro 226 thousand, Ener2Crowd for Euro 166 thousand and Banca Popolare di Puglia e Basilicata for Euro 13 thousand.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	31 Dec. 2023	31 Dec. 2022
1. Equity securities	**5,816**	**23,865**
of which: banks	13	142
of which: other financial companies	4,897	13,699
of which: non-financial corporations	906	10,023
2. Debt securities	**1,345**	**1,433**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	1,345	1,433
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
3. Units of O.I.C.R. collective investment undertakings	**145,865**	**161,431**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	**153,026**	**186,729**

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

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY TYPE

Items/Values	31 Dec. 2023			31 Dec. 2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**3,615,157**	**-**	**-**	**3,240,500**	**-**	**-**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	3,615,157	-	-	3,240,500	-	-
2. Equity securities	**203**	**211,271**	**38,590**	**15,263**	**211,271**	**49,462**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,615,360**	**211,271**	**38,590**	**3,255,763**	**211,271**	**49,462**

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

As at the reporting date, the exposure in debt securities came to a total of Euro 3,615 million and consisted of Italian government securities.

Among equity securities at level 2, the item reports 8,438 shares in the Bank of Italy, equal to 2.81% of its entire share capital. As at the reporting date their book value was Euro 211 million.

In this regard it is pointed out that, for the related measurement, as done in the previous FYs, the direct transactions approach, considering the purchases and sales made from 2015 and continued in the following years; considering that all the main transactions were finalized at nominal value, the use of that approach enables to confirm the carrying amount of the shares held.

These shares resulted from the share capital increase that the Bank of Italy made in 2013 in accordance with Italian Decree Law no. 133 of 30 November 2013, converted with Italian Law no. 5 of 29 January 2014, which determined the issue of new shares.

Level-3 equity securities include the equity investments in Alba Leasing S.p.A. amounting to Euro 20,564 thousand, Cassa di Risparmio di Volterra amounting to Euro 3,196 thousand and Astaris SFP amounting to Euro 2,071 thousand.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ISSUER

Items/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Debt securities	**3,615,157**	**3,240,500**
a) Central Banks	-	-
b) Public administration bodies	3,615,157	3,240,500
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
2. Equity securities	**250,064**	**275,996**
a) Banks	214,467	214,467
b) Other issuers:	35,597	61,529
- other financial companies	23,344	46,658
of which: insurance undertakings	-	15,103
- non-financial corporations	12,253	14,871
- other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance undertakings	-	-
e) non-financial corporations	-	-
f) Households	-	-
Total	**3,865,221**	**3,516,496**

Line 2.a) Banks reports also the value of the shareholding in the Bank of Italy amounting to Euro 211 million.

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs(*)
	Stage 1	O/w: Low credit risk instruments	Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
Debt securities	3,620,769	3,620,769	-	-	-	5,612	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31 Dec. 2023	**3,620,769**	**3,620,769**	**-**	**-**	**-**	**5,612**	**-**	**-**	**-**	**-**
Total 31 Dec. 2022	**3,246,659**	**3,246,659**	**-**	**-**	**-**	**6,159**	**-**	**-**	**-**	**-**

(*) Value to be stated for disclosure purposes.

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

4.1 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE FROM BANKS

Type of transactions/Values	31 Dec. 2023						31 Dec. 2022					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
A. Claims on Central Banks	**661,846**	**-**	**-**	**-**	**661,846**	**-**	**653,923**	**-**	**-**	**-**	**653,923**	**-**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Reserve requirement	628,994	-	-	X	X	X	626,640	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	32,852	-	-	X	X	X	27,283	-	-	X	X	X
B. Due from Banks	**1,669,433**	**378**	**-**	**-**	**1,669,711**	**100**	**4,869,039**	**372**	**-**	**-**	**4,869,311**	**100**
1. Loans	1,669,333	378	-	-	1,669,711	-	4,868,939	372	-	-	4,869,311	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	3,069	-	-	X	X	X	1,503,643	-	-	X	X	X
1.3 Other loans:	1,666,264	378	-	X	X	X	3,365,296	372	-	X	X	X
- Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
- Lease loans	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,666,264	378	-	X	X	X	3,365,296	372	-	X	X	X
2. Debt securities	100	-	-	-	-	100	100	-	-	-	-	100
2.1 Structured Securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	100	-	-	-	-	100	100	-	-	-	-	100
Total	**2,331,279**	**378**	**-**	**-**	**2,331,557**	**100**	**5,522,962**	**372**	**-**	**-**	**5,523,234**	**100**

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

The decrease in item 1.2 Time deposits and in item 1.3 Other loans – Other resulted from the repayment of loans to companies of the Crédit Agricole Group.

4.2 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

Type of transactions/ Values	31 Dec. 2023						31 Dec. 2022					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3	Stage 1 and 2	Stage 3	POCI assets	L1	L2	L3
1. Loans	**62,881,955**	**1,004,267**	**-**	**-**	**-**	**61,677,013**	**62,222,820**	**1,079,923**	**-**	**-**	**-**	**62,846,969**
1.1 Current accounts	3,011,038	120,214	-	X	X	X	3,005,616	174,760	-	X	X	X
1.2 Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgage loans	44,961,499	787,572	-	X	X	X	44,683,738	833,300	-	X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from salaries/pensions	220,861	2,158	-	X	X	X	328,508	4,955	-	X	X	X
1.5 Lease loans	8,166	-	-	X	X	X	7,286	-	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other loans	14,680,391	94,323	-	X	X	X	14,197,672	66,908	-	X	X	X
2. Debt securities	**4,897,483**	**516,548**	**-**	**4,645,549**	**-**	**690,726**	**12,537,280**	**1,048**	**-**	**11,598,893**	**-**	**865,539**
1. Structured Securities	19,222	-	-	-	-	-	-	-	-	-	-	-
2. Other debt securities	4,878,261	516,548	-	4,645,549	-	690,726	12,537,280	1,048	-	11,598,893	-	865,539
Total	**67,779,438**	**1,520,815**	**-**	**4,645,549**	**-**	**62,367,739**	**74,760,100**	**1,080,971**	**-**	**11,598,893**	**-**	**63,712,508**

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

As regards the values in the first and second stages, the most significant sub-items are reported below:

- Item “3. Mortgage loans” also reports loans pledged as collateral for the issues of covered bonds amounting to Euro 14.4 billion;
- Item “5 Lease loans” reports lease receivables resulting from finance sublease transactions on property lease contracts;
- Item “2 Other debt securities” mainly reports Italian Government securities.

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY BORROWER/ISSUER OF LOANS TO CUSTOMERS

Type of transactions/Values	31 Dec. 2023			31 Dec. 2022		
	Stage 1 and 2	Stage 3	POCI assets	Stage 1 and 2	Stage 3	POCI assets
1. Debt securities	**4,897,483**	**516,548**	**-**	**12,537,280**	**1,048**	**-**
a) Public administration bodies	4,655,255	-	-	11,667,781	-	-
b) Other financial companies	206,223	516,273	-	841,022	-	-
of which: insurance undertakings	-	-	-	-	-	-
c) non-financial corporations	36,005	275	-	28,477	1,048	-
2. Loans to:	**62,881,955**	**1,004,267**	**-**	**62,222,820**	**1,079,923**	**-**
a) Public administration bodies	232,865	44	-	248,144	34	-
b) Other financial companies	7,675,714	17,476	-	8,510,133	6,811	-
of which: insurance undertakings	122,956	1	-	98,892	1	-
c) non-financial corporations	22,370,895	589,966	-	21,510,883	699,887	-
d) Households	32,602,481	396,781	-	31,953,660	373,191	-
Total	**67,779,438**	**1,520,815**	**-**	**74,760,100**	**1,080,971**	**-**

4.4 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: GROSS VALUE AND TOTAL ADJUSTMENTS

	Gross value					Total adjustments				Total partial write-offs (*)
	Stage 1		Stage 2	Stage 3	POCI assets	Stage 1	Stage 2	Stage 3	POCI assets	
		O/w: Low credit risk instruments								
Debt securities	4,904,792	4,904,792	-	522,074	-	7,209	-	5,526	-	-
Loans	58,215,971	-	7,376,099	2,346,048	-	66,365	312,572	1,341,402	-	40,308
Total 31 Dec. 2023	**63,120,763**	**4,904,792**	**7,376,099**	**2,868,122**	**-**	**73,574**	**312,572**	**1,346,928**	**-**	**40,308**
Total 31 Dec. 2022	**77,083,186**	**12,556,691**	**3,569,733**	**2,497,411**	**-**	**162,356**	**207,501**	**1,416,068**	**-**	**44,956**
of which: New liquidity granted with state guarantee given for COVID-19	2,222,010	-	703,942	139,390	-	5,280	36,758	55,195	-	-

(*) Value to be stated for disclosure purposes.

Section 5 – Hedging derivatives – Item 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY LEVEL

	Fair value 31 Dec. 2023			NV 31 Dec.2023	Fair value 31 Dec. 2022			NV 31 Dec. 2022
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**863,622**	**25**	**13,589,001**	**-**	**1,318,583**	**63**	**14,107,595**
1) Fair value	-	863,622	25	13,589,001	-	1,318,583	63	14,107,595
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**863,622**	**25**	**13,589,001**	**-**	**1,318,583**	**63**	**14,107,595**

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

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	105,299	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	668,433	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**773,732**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	89,915	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**89,915**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve. The “Hedging Derivatives” item referring to financial liabilities measured at amortized cost came to Euro 668,433 thousand, of which Euro 574,742 thousand for hedging mortgage loans and Euro 93,691 thousand for hedging securities measured at amortized cost. Specifically, the hedged item is limited to the portion referring to interest rate risk.

The "Hedging Derivatives" item referring to financial liabilities consisted of Euro 57,018 thousand for hedges on demand deposits and of Euro 32,897 thousand for debenture loans, limited to interest rate risk Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a "fictitious" bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 6 – Fair value change of financial assets in macro-hedge portfolios – Item 60

6.1 FAIR VALUE CHANGE OF HEDGED ASSETS: BREAKDOWN BY HEDGED PORTFOLIO

Adjustments of hedged assets/Values	31 Dec. 2023	31 Dec. 2022
1. Positive fair value change	**90,535**	**5,538**
1.1 of specific portfolios:	90,535	5,538
a) financial assets measured at amortized cost	90,535	5,538
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 total	-	-
2. Negative fair value change	**419,138**	**613,491**
2.1 of specific portfolios:	419,138	613,491
a) financial assets measured at amortized cost	419,138	613,491
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 total	-	-
Total	**-328,603**	**-607,953**

The hedged assets are to two types:

1. Variable-rate mortgage loans with CAP option. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its cap, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage;
2. Fixed-rate mortgage loans. The hedging purpose is to manage interest rate risk within the wider scope of measuring the impacts that changes in interest rates generate on the bank's assets and liabilities (interest rate gap analysis). That purpose is pursued by entering into Interest Rate Swaps, which essentially convert the fixed interest rates collected on mortgage loans to Customers into variable rates.

For both types of assets, macro-hedges are used on open sets of mortgage loans.

Section 7 – Equity investments – Item 70

7.1 EQUITY INVESTMENTS: DISCLOSURE ON EQUITY INVESTMENTS IN OTHER ENTITIES

Name	Registered Office	Operating HQ	% held	% of votes available[1]
A. Subsidiaries				
Crédit Agricole Group Solutions S.C.p.A.	Parma, Italy	Parma, Italy	97.83	
Crédit Agricole Leasing Italia – Calit S.r.l.	Milan, Italy	Milan, Italy	85.00	
Crédit Agricole Italia OBG S.r.l.	Milan, Italy	Milan, Italy	60.00	
Crédit Agricole Real Estate S.r.l.	Parma, Italy	Parma, Italy	100.00	
Le Village by Crédit Agricole Parma S.r.l.	Parma, Italy	Parma, Italy	66,67	
Le Village by Crédit Agricole Triveneto S.r.l.	Padua, Italy	Padua, Italy	51	
Le Village by CA delle Alpi S.r.l.	Sondrio, Italy	Sondrio, Italy	76.56	
San Giorgio Immobiliare S.p.A.	Cesena, Italy	Cesena, Italy	100.00	
San Piero Immobiliare S.r.l.	Cesena, Italy	Cesena, Italy	100.00	
Società Agricola Le Cicogne S.r.l.	Faenza, Italy	Faenza, Italy	50,01	
Stelline Real Estate S.p.A.	Sondrio, Italy	Sondrio, Italy	100.00	
B. Joint arrangements				
Rajna Immobiliare S.r.l.	Sondrio, Italy	Sondrio, Italy	50.00	
A. Companies subject to significant influence				
Fiere di Parma S.p.A.	Parma, Italy	Parma, Italy	26,42	
Le Village by Crédit Agricole Milano S.r.l.	Milan, Italy	Milan, Italy	38,41	
Global Broker S.p.A.	Milan, Italy	Milan, Italy	30.00	
Valtellina Golf Club S.p.A.	Caiolo (SO), Italy	Caiolo (SO), Italy	43,08	
BDX S.p.A.	Collecchio (PR), Italy	Collecchio (PR), Italy	15.00	
Blank S.p.A.	Milan, Italy	Milan, Italy	49.00	

(1) The percentage of available votes is stated only when it is not equal to the equity investment held.

7.5 EQUITY INVESTMENTS: CHANGES FOR THE YEAR

	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Opening balance	**201,023**	**2,105,245**
B. Increases	**10,532**	**106,672**
B.1 Purchases	5,626	13,004
B.2 Recoveries	-	-
B.3 Revaluations	-	-
B.4 Other changes(*)	4,906	93,668
C. Decreases	**18,162**	**2,010,894**
C.1 Sales	15,432	27,715
C.2 Adjustments	2,729	14
C.3 Impairment	-	-
C.4 other changes(°)	1	1,983,165
D. Closing balance	**193,393**	**201,023**
E. Total recoveries/writebacks	**-**	**-**
F. Total impairment losses	**-**	**-**
(*) of which business combinations	-	74,369
(°) of which business combinations	-	1,933,114

The increases in equity investments resulted mainly from the subscription of 49% of the share capital of Blank S.p.A. for a subscription price of Euro 2,626 thousand, and the equity investment acquired in BDX S.p.A. for a price of Euro 2,500 thousand and the incorporation of Le Village by CA delle Alpi S.r.l. with Euro 490 thousand in expenses.

The decreases resulted from the sale of the full equity investment in GeneralFinance S.p.A. for a price of Euro 15,433 thousand (which determined gains of Euro 4,907 thousand), and the write-downs of Stelline Real Estate S.p.A. by Euro 2,144 thousand, Le Village by CA Milano S.r.l. by Euro 350 thousand and on others by lower amounts totalling Euro 235 thousand.

7.8 DISCLOSURE OF SIGNIFICANT RESTRICTIONS

As at 31 December 2023, there were no significant restrictions pursuant to IFRS 12, paragraphs 13 and 22 a).

Section 8 – Property, plant and equipment – Item 80

8.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1 Owned	**671,384**	**734,685**
a) land	171,854	192,134
b) buildings	434,079	473,685
c) furniture	11,764	12,837
d) electronic plants	7,529	7,765
e) other	46,158	48,264
2. Rights of use acquired through leases	**257,596**	**293,672**
a) land	-	-
b) buildings	255,071	291,526
c) furniture	-	-
d) electronic plants	-	-
e) other	2,525	2,146
Total	**928,980**	**1,028,357**
of which: obtained through the enforcement of guarantees received	-	-

8.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

Assets/Values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**128,040**	**-**	**-**	**155,874**	**129,583**	**-**	**-**	**150,015**
a) land	48,889	-	-	51,534	43,282	-	-	46,498
b) buildings	79,151	-	-	104,340	86,301	-	-	103,517
2. Rights of use acquired through leases	**3,093**	**-**	**-**	**3,093**	**3,387**	**-**	**-**	**3,387**
a) land	-	-	-	-	-	-	-	-
b) buildings	3,093	-	-	3,093	3,387	-	-	3,387
Total	**131,133**	**-**	**-**	**158,967**	**132,970**	**-**	**-**	**153,402**
of which: obtained through the enforcement of guarantees received	-	-	-	-	-	-	-	-

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

8.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**192,134**	**1,352,176**	**226,291**	**122,238**	**251,003**	**2,143,842**
A.1 Total net impairment writedowns	-	586,965	213,454	114,473	200,593	1,115,485
A.2 Opening net balance	**192,134**	**765,211**	**12,837**	**7,765**	**50,410**	**1,028,356**
B. Increases	**504**	**62,151**	**2,693**	**3,935**	**3,157**	**72,440**
B.1 Purchases	-	39,066	2,693	3,935	3,154	48,848
B.2 Capitalized improvement expenses	-	7,547	-	-	-	7,547
B.3 Recoveries	-	1,388	-	-	-	1,388
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	504	1,220	X	X	X	1,724
B.7 Other changes	-	12,930	-	-	3	12,933
C. Decreases	**20,784**	**138,212**	**3,766**	**4,171**	**4,884**	**171,817**
C.1 Sales	364	4,296	463	-	3,744	8,867
C.2 Depreciation	-	44,841	3,303	4,171	124	52,439
C.3 Impairment losses recognized through:	1,147	4,733	-	-	-	5,880
a) Equity	-	-	-	-	-	-
b) Profit or loss	1,147	4,733	-	-	-	5,880
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	19,273	20,577	-	-	-	39,850
a) Investment property	17,244	20,396	X	X	X	37,640
b) Non-current assets held for sale and discontinued operations	2,029	181	-	-	-	2,210
C.7 Other changes	-	63,765	-	-	1,016	64,781
D. Closing net balance	**171,854**	**689,150**	**11,764**	**7,529**	**48,683**	**928,980**
D.1 Total net impairment writedowns	-	631,806	216,757	118,644	200,716	1,167,923
D.2 Closing gross balance	**171,854**	**1,320,956**	**228,521**	**126,173**	**249,399**	**2,096,903**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

All property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

8.6BIS CHANGES FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**-**	**408,086**	**-**	**-**	**4,266**	**412,352**
A.1 Total net impairment writedowns	-	116,560	-	-	2,120	118,680
A.2 Opening net balance	**-**	**291,526**	**-**	**-**	**2,146**	**293,672**
B. Increases	**-**	**52,625**	**-**	**-**	**1,652**	**54,277**
B.1 Purchases	-	39,066	-	-	1,649	40,715
B.2 Capitalized improvement expenses	-	-	-	-	-	-
B.3 Recoveries	-	1,388	-	-	-	1,388
B.4 Fair value gains recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	12,171	-	-	3	12,174
C. Decreases	**-**	**89,080**	**-**	**-**	**1,273**	**90,353**
C.1 Sales	-	-	-	-	-	-
C.2 Depreciation	-	20,684	-	-	255	20,939
C.3 Impairment losses recognized through:	-	4,632	-	-	-	4,632
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	4,632	-	-	-	4,632
C.4 Fair value losses recognized through:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Profit or loss	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-	-
a) Investment property	-	-	X	X	X	-
b) Non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	63,764	-	-	1,018	64,782
D. Closing net balance	**-**	**255,071**	**-**	**-**	**2,525**	**257,596**
D.1 Total net impairment writedowns	-	137,243	-	-	2,376	139,619
D.2 Closing gross balance	**-**	**392,314**	**-**	**-**	**4,901**	**397,215**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

8.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

	Total 31 Dec. 2023	
	Land	**Buildings**
A. Opening balance	**43,282**	**89,688**
B. Increases	**17,244**	**22,817**
B.1 Purchases	-	1,858
B.2 Capitalized improvement expenses	-	376
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating property	17,244	20,396
B.7 Other changes	-	187
C. Decreases	**11,637**	**30,261**
C.1 Sales	1,866	10,877
C.2 Depreciation	-	-740
C.3 Fair Value losses	-	-
C.4 Writedowns for impairment	8,820	9,124
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	951	7,668
a) operating property	504	1,220
b) Non-current assets held for sale and discontinued operations	447	6,448
C.7 Other changes	-	3,332
D. Closing balance	**48,889**	**82,244**
E. Measurement at fair value	**51,534**	**104,340**

All property, plant and equipment assets are measured at cost adjusted by the related depreciation and any losses/recoveries.

8.7BIS CHANGES FOR THE PERIOD IN PROPERTY PLANT AND EQUIPMENT RECOGNIZED APPLYING IFRS 16

	Total 31 Dec. 2023	
	Land	Buildings
A. Opening balance	**-**	**3,387**
B. Increases	**-**	**2,030**
B.1 Purchases	-	1,843
B.2 Capitalized improvement expenses	-	-
B.3 Fair value gains	-	-
B.4 Recoveries	-	-
B.5 Positive foreign exchange differences	-	-
B.6 Transfers from operating property	-	-
B.7 Other changes	-	187
C. Decreases	**-**	**2,324**
C.1 Sales	-	-
C.2 Depreciation	-	-1,008
C.3 Fair Value losses	-	-
C.4 Writedowns for impairment	-	-
C.5 Negative foreign exchange differences	-	-
C.6 Transfers to:	-	-
a) operating property	-	-
b) Non-current assets held for sale and discontinued operations	-	-
C.7 Other changes	-	3,332
D. Closing balance	**-**	**3,093**
E. Measurement at fair value	**-**	**-**

Section 9 – Intangible assets – Item 90

9.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSET

Assets/Values	Total 31 Dec. 2023		Total 31 Dec. 2022	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**1,315,925**	**X**	**1,315,925**
A.2 Other intangible assets	**94,495**	**-**	**115,631**	**-**
of which software	-	-	-	-
A.2.1 Assets measured at cost:	94,495	-	115,631	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	94,495	-	115,631	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**94,495**	**1,315,925**	**115,631**	**1,315,925**

The cost of intangible assets with finite life is amortized on a straight-line basis over their useful life.

Intangible assets representing business with customers have been assigned a finite useful life, based on the time series available on the rate of customer turnover in the retail segment, of 15 years as regards the transactions finalized in 2011, of 13 years for the transactions finalized in 2017 and of about 8 years for the transaction finalized in 2021.

9.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

	Goodwill	Other intangible assets: internally generated		Other intangible assets other:		Total
		Finite	Indefinite	Finite	Indefinite	
A. Opening balance	**1,315,925**	**65,757**	**-**	**512,312**	**-**	**1,893,994**
A.1 Total net impairment writedowns	-	65,757	-	396,681	-	462,438
A.2 Opening net balance	**1,315,925**	**-**	**-**	**115,631**	**-**	**1,431,556**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Purchases	-	-	-	-	-	-
B.2 Increases in internally generated intangible assets	X	-	-	-	-	-
B.3 Recoveries	X	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**21,136**	**-**	**21,136**
C.1 Sales	-	-	-	-	-	-
C.2 Adjustments	-	-	-	21,136	-	21,136
- Amortization	X	-	-	21,126	-	21,136
- Impairment writedowns:	-	-	-	-	-	-
+ Equity	X	-	-	-	-	-
+ Profit and loss	-	-	-	-	-	-
C.3 Fair Value losses:	-	-	-	-	-	-
- through equity	X	-	-	-	-	-
- through profit and loss	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Closing net balance	**1,315,925**	**-**	**-**	**94,495**	**-**	**1,410,420**
D.1 Total net value adjustments	-	65,757	-	417,817		483,574
E. Closing gross balance	**1,315,925**	**65,757**	**-**	**512,312**	**-**	**1,893,994**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

Key:
DEF: finite life
INDEF: indefinite life

9.3 INTANGIBLE ASSETS: OTHER INFORMATION

The value of finite-life intangible assets recognized in the separate financial statements as at 31 December 2023 is Euro 94 million and resulted from the business combinations made by the Bank.

Within the purchase transactions made in 2011, 2017 and 2021 by Crédit Agricole Italia, a set of assets with finite useful life was identified, in accordance with the different sources of recurring profitability associated to business with Customers. They have been assigned a life, based on the time series available on the rate of customer turnover in the retail segment, of 15 years as regards the transactions finalized in 13 and 2017 and of 8 years for the transactions finalized in 2021.

Said assets are broken down below, reporting also their analysis:

Intangible assets resulting from the business combination made in 2011

The value of the intangible assets recognized as at 31 December 2023 is Euro 20 million. At the end of 2023 the performance of the elements that constitute the intangible assets recognized in the financial statements was verified. The amortization period for said components is 15 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2017

The value of the intangible assets recognized in the financial statements as at 31 December 2023 is Euro 45 million and comprises business with customers resulting from the acquisition of Cassa di Risparmio Cesena, Cassa di Risparmio di Rimini and Cassa di Risparmio di San Miniato.

At the end of 2023 the performance of the elements that constitute the intangible assets recognized in the financial statements was verified. The amortization period for said components is 13 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Intangible assets resulting from the business combination made in 2021

In 2021, within Creval business combination, an intangible asset with finite useful life was recognized amounting to Euro 46 million. In the financial statements as at 31 December 2023, that intangible asset was recognized in an amount of Euro 30 million.

At the end of 2023 the performance of the elements that constitute the intangible assets recognized in the financial statements was verified. The amortization period for said components is 8 years. Based on the evidence found on the changes in the components of the intangible asset recognized, no impairment indicators were found vs. its book value.

Impairment testing of goodwill

As required by IASs/IFRSs, the goodwill resulting from the purchases of Crédit Agricole FriulAdria, of the 180 Crédit Agricole Italia branches and of the 29 Crédit Agricole FriulAdria branches (made in 2007), of the 81 Crédit Agricole Italia branches and of the 15 Crédit Agricole FriulAdria branches (made in 2011) and of Crédit Agricole Carispezia (made in 2011) was tested for impairment. Consistently with the segment reporting given in the Annual Report and Financial Statements, the goodwill determined after the allocation of the purchase price paid within the above-described transactions was initially allocated, in the financial statements, to the two Cash Generating Units (CGU) identified in the Retail and Private Banking Business Segment and in the Corporate Banking Segment. After having been written down in the previous years, the goodwill paid within the above-described transactions is now fully allocated to the Retail and Private Banking CGU for an amount of Euro 1,316 million. Then the CGU value in use was calculated in accordance with the method used by the Crédit Agricole Group, namely the Dividend Discount Model ("DDM") in its Excess Capital version. The DDM estimates the company value as the sum of the present value of the theoretical future cash flows distributed to shareholders in the explicit period and the Terminal Value. Specifically, in its"Excess Capital" variant, this method provides for the economic value of a financial company to be calculated by discounting a dividend flow determined based on full compliance with the capital requirements set by the Supervisory Authority.

Information on the method for calculating future cash flows and the discount rate is provided in the Annual Report and Consolidated Financial Statements of the Crédit Agricole Italia Banking Group. Therefore, the value in use of Crédit Agricole Italia was calculated on a preliminary basis and then, the value of the Retail Banking and the Private Banking Segment was defined based on a 79% range.

The test showed that the CGU value is higher than the relevant goodwill value, with a positive difference of Euro 1,952 million. 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 2,046 million Euros.

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

The analysis results have shown that the book value is equal to the value in use taking the risk premium to 9,11% (vs, 5.33% used for the test); the same result would be obtained taking the risk-free rate to 7.43% (vs, 2.96% used for the test) or the beta parameter to 2.05 (vs 1.20 used for the test).

Furthermore, it was verified at which discounting rate or at which long-term growth rate "g" the value in use becomes equal to the book value. This analysis showed that the book value is equal to the use value only with a marked increase in the discount rate Ke to 13.9% (vs.9.4% used for the test), whereas, with a long-term growth rate equal to zero, the use value would remain higher than the book value.

Section 10 – Tax Assets and Tax Liabilities – Item 100 of Assets and Item 60 of Liabilities

10.1 DEFERRED TAX ASSETS: BREAKDOWN

	(*)	REVERSAL TIMEFRAME					Total recognized	TAX			
		2024	2025	2026	Beyond	Undetermined reversal		IRES	ADD.LE IRES	IRAP	TOTAL
Deductible temporary differences											
Adjustments to loans [(1)]	from 27.50 to 33	403,505	287,192	120,627	73,333	-	**884,657**	212,318	30,963	29,274	**272,555**
Adjustments of valuation of securities	33.00	-	-	-	4,746	-	**4,746**	1,139	70	111	**1,320**
Provisions for risks and charges											**-**
- legal disputes as defendant and legal actions to revoke transactions in insolvency proceedings	27.50	50,810	3,780	2,836	-	483	**57,909**	13,898	2,027	-	**15,925**
- signature loans	27.50	-	-	-	-	84,017	**84,017**	20,164	2,941	-	**23,105**
- staff expenses	from 27.50 to 33	38,723	22,751	9,615	120,201	-	**191,290**	45,910	6,695	9,740	**62,345**
- other reasons	from 27.50 to 33	1,994	-	-	84	209,628	**211,706**	50,809	7,410	3,181	**61,400**
Recognition of goodwill for tax purposes	33.00	162,879	168,169	168,178	475,032	-	**974,258**	233,822	34,099	53,584	**321,505**
Other costs or provisions not yet deducted	from 27.50 to 33	178,083	145,552	137,934	889,492	347,240	**1,698,301**	407,592	59,441	88,759	**555,792**
Tax losses that can be carried forward (IRES Surtax)	27.50	49,594	167,702	-	-	-	**217,296**	52,151	7,605	-	**59,756**
Other tax losses that can be carried forward (IRES Surtax)	3.50	-	-	73,482	-	-	**73,482**	-	2,572	-	**2,572**
Tax losses convertible into tax credits	27.50	-	-	-	-	-	**-**	-	-	-	**-**
Total by reversal year		**885,588**	**795,146**	**512,672**	**1,562,888**	**641,368**	**4,397,662**	**1,037,803**	**153,823**	**184,649**	**1,376,275**

(*) Indicates the percentage applied in calculating deferred tax liabilities and assets.
(1) For adjustments since 2013, also IRAP applies.

As regards the recognition of DTAs, especially those relating to tax losses, the probability test was carried out and confirmed their full recoverability. For the probability test calculation, profits and losses for tax purposes in the coming FYs were simulated, starting from the assumed profit or losses for those FYs and taking into account, for that purpose, the permanent increases and decreases that can be estimated, as well as the release of temporary differences, both positive and negative, expected for that period. Besides the recovery of the aforementioned temporary differences, the calculation also showed that the DTA for tax losses can be recovered over a modest time horizon, which, in the most likely scenario, is three years. Other possible scenarios of more severe, albeit reasonable, stress were also assumed, taking into account decreases in profits or higher recovery of temporary difference assets than deemed likely, and recoverability within five years was confirmed. It may be useful to point out that a significant portion of the recognized DTAs consists of so-called "convertible" DTAs, i.e. DTAs whose recoverability does not depend on future profit or loss, as they may be converted in true tax credits, receivable form the Inland Revenue Agency in case of statutory or tax losses.

Furthermore, as regards Italian Corporate income tax (IRES) DTAs, it is to be considered that the companies of the Crédit Agricole Italia Banking Group are members of a tax consolidation scheme under Article 117 *et seq.* of Italian Presidential Decree 917/86, which includes also other resident entities that are directly or indirectly controlled by Crédit Agricole S.A. A tax profit is expected on the tax consolidation scheme in the coming FYs, which is further ground supporting the recoverability of the recognized DTA for IRES.

10.2 DEFERRED TAX LIABILITIES: BREAKDOWN

	(*)	REVERSAL TIMEFRAME					Total recognized	TAXES			
		2024	2025	2026	Beyond	Undetermined reversal		IRES	ADD.LE IRES	IRAP	TOTAL
Taxable temporary differences											
Realized capital gains	from 27.50 to 33	20,003	3,402	3,025	1,940	-	**28,370**	6,809	993	-	**7,802**
Assets not recognized for tax purposes	from 27.50 to 33	3,168	6,720	4,122	37,772	71,387	**123,169**	29,561	4,039	3,525	**37,125**
Total by reversal year		**23,171**	**10,122**	**7,147**	**39,712**	**71,387**	**151,539**	**36,370**	**5,032**	**3,525**	**44,927**

(*) Indicates the percentage applied in calculating deferred tax liabilities and assets.

10.3 CHANGES IN DEFERRED TAX ASSETS (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**1,632,819**	**1,072,246**
2. Increases	**69,885**	**1,936,688**
2.1 Deferred tax assets recognized in the year	62,508	198,715
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) Recoveries	-	-
d) other	62,508	198,715
2.2 New taxes or increases in tax rates	390	488
2.3 Other increases i(*)	6,987	1,737,485
3. Decreases	**346,993**	**1,376,115**
3.1 Deferred tax assets derecognized in the year	337,408	263,342
a) reversals	337,408	263,342
b) writedowns for supervening non-recoverability	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	2,333
3.3 Other decreases	9,585	1,110,440
a) conversion into tax credits pursuant to L. 214/2011	5,004	169,030
b) other	4,581	941,410
4. Closing balance	**1,355,711**	**1,632,819**
(*) of which business combinations	-	1,162,360

The other increases reported in point 2.3 and the other decreases reported in point 3.3.b) are increases or decreases determined by correct recognition of deferred tax assets after filing the income tax return. The increases reported in point 2.2 were generated by the increase to 5.50% of the average rate of the Italian Regional Tax on Productive Activities (from the previous rate of 5:49%). For the aforementioned cases, the related balancing item is not represented by income statement items, but by current tax liabilities. The other decreases reported in point 3.3.b) include also an amount of Euro 315 thousand generated by temporary differences on former-Creval works of art, whose value is taken from the previous recognition as deferred tax assets reducing deferred tax liabilities through profit or loss. Deferred tax assets resulting from tax losses that can be carried forward following FYs amounted to a total of Euro 62,328 thousand.

10.3BIS CHANGES IN DEFERRED TAX ASSETS PURSUANT TO ITALIAN LAW 214/2011

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**753,900**	**566,938**
2. Increases	**4,593**	**781,282**
3. Decreases	**162,691**	**594,320**
3.1 Reversals	157,687	55,795
3.2 Conversion into tax credits	5,004	169,030
a) from loss for the year	-	46,337
b) from tax losses	5,004	122,693
3.3 Other decreases	-	369,495
4. Closing balance	**595,802**	**753,900**

10.4 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH PROFIT OR LOSS)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**48,101**	**29,260**
2. Increases	**8,438**	**81,745**
2.1 Deferred tax liabilities recognized in the year	635	724
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	635	724
2.2 New taxes or increases in tax rates	4	-
2.3 Other increases i(*)	7,799	81,021
3. Decreases	**20,626**	**62,904**
3.1 Deferred tax liabilities derecognized in the year	6,861	62,825
a) reversals	6,861	62,825
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	79
3.3 Other decreases	13,765	-
4. Closing balance	**35,913**	**48,101**
(*) of which business combinations	-	78,918

The other increases reported in point 2.3 and the other decreases reported in point 3.3 are increases (for Euro 3,365 thousand) or decreases (for Euro 1,708 thousand) determined by correct recognition of deferred tax assets after filing the income tax return. The increases reported in point 2.2 were generated by the increase to 5.50% of the average rate of the Italian Regional Tax on Productive Activities (from the previous rate of 5:49%). For the aforementioned cases, the related balancing item is not represented by income statement items, but by current tax liabilities. The deferred tax liabilities resulting from temporary differences on former-Creval works of art were recognized as follows: Euro 4,433 thousand in other increases reported in point 2.3 as transfer from the DTL category previously classified as balancing item in equity (see also tab. 11.7) and Euro 315 thousand in other decreases reported in point 3.3) as transfer from DTA through profit or loss (see also tab. 11.3). The other decreases, reported in point 3.3), include an amount of Euro 11,742 thousand, through profit or loss, for the tax release under Article 172 of the Italian Consolidated Act on Income Taxes on finite useful life intangible asset "business relationship with former-Creval customers".

10.5 CHANGES IN DEFERRED TAX ASSETS (THROUGH EQUITY/OCI)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**22,679**	**17,257**
2. Increases	**6,482**	**34,710**
2.1 Deferred tax assets recognized in the year	5,499	9,209
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	5,499	9,209
2.2 New taxes or increases in tax rates	2	-
2.3 Other increases i(*)	981	25,501
3. Decreases	**8,597**	**29,288**
3.1 Deferred tax assets derecognized in the year	7,925	3,414
a) reversals	7,925	3,414
b) writedowns for supervening non-recoverability	-	-
b) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	672	25,874
4. Closing balance	**20,564**	**22,679**
(*) of which business combinations	-	21,540

10.6 CHANGES IN DEFERRED TAX LIABILITIES (THROUGH EQUITY/OCI)

	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Opening balance	**11,230**	**7,944**
2. Increases	**17,628**	**11,186**
2.1 Deferred tax liabilities recognized in the year	17,367	1,907
a) referring to previous years	-	-
b) due to change in accounting policies	-	-
c) other	17,367	1,907
2.2 New taxes or increases in tax rates	1	-
2.3 Other increases i(*)	260	9,279
3. Decreases	**19,844**	**7,900**
3.1 Deferred tax liabilities derecognized in the year	14,972	6,822
a) reversals	14,972	6,822
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	1,078
3.3 Other decreases	4,872	-
4. Closing balance	**9,014**	**11,230**
(*) of which business combinations	-	6,008

The other decreases reported in point 3.3 include also an amount of Euro 4,433 thousand regarding former-Creval works of art, taken to deferred tax liabilities through profit or loss.

Section 11 – Non-current assets held for sale and discontinued operations and associated liabilities – Item 110 of Assets and Item 70 of Liabilities

11.1 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: BREAKDOWN BY TYPE OF ASSETS

	31 Dec. 2023	31 Dec. 2022
A. Assets held for sale		
A.1 Financial assets	-	-
A.2 Equity investments	-	-
A.3 Property, plant and equipment	9,104	-
of which: obtained through the enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total A	**9,104**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	9,104	-
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortized cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained through the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total B	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-
C. Liabilities associated with assets held for sale		
C.1 Dye and payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total C	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortized cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Funds	-	-
D.5 Other liabilities	-	-
Total D	**-**	**-**
Of which measured at cost	-	-
Of which measured at fair value level 1	-	-
Of which measured at fair value level 2	-	-
Of which measured at fair value level 3	-	-

Section 12 – Other assets – Item 120

12.1 OTHER ASSETS: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
Sundry debits in process	179,907	56,286
Revenue stamps and other instruments	2,882	4,716
Items being processed	199,940	145,554
Accrued income not allocated to other items	16,966	4,977
Prepaid expenses not allocated to other items	30,197	29,450
Protested bills and cheques	3,572	3,254
Leasehold improvements	11,559	13,527
Tax advances paid on behalf of third parties	133,046	109,284
Sundry	165,084	176,190
Purchased tax credits	1,728,592	1,230,987
Total	**2,471,745**	**1,774,225**

LIABILITIES

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

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO BANKS

Type of transactions/Values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**3,577,560**	**X**	**X**	**X**	**9,364,842**	**X**	**X**	**X**
2. Due to banks	**1,644,353**	**X**	**X**	**X**	**1,694,885**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	39,262	X	X	X	83,914	X	X	X
2.2 Time deposits	104,527	X	X	X	88,593	X	X	X
2.3 Loans	1,486,752	X	X	X	1,508,999	X	X	X
2.3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
2.3.2 Other	1,486,752	X	X	X	1,508,999	X	X	X
2.4 Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	402	X	X	X	138	X	X	X
2.6 Other due and payables	13,410	X	X	X	13,241	X	X	X
Total	**5,221,913**	**-**	**5,221,913**	**-**	**11,059,727**	**-**	**11,059,727**	**-**

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

Item "Due to central banks" reports Targeted Longer-Term Refinancing Operations)(TLTRO) with the European Central Bank. TLTROS provide the Eurosystem credit institutions with the possibility to obtain loans with multi-year maturity, intended to improve the monetary policy transmission mechanism supporting bank lending to the real economy.

In 2023 TLTRO tranches were repaid for Euro 6 billion.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DUE TO CUSTOMERS

Type of transactions/Values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	59,631,867	X	X	X	61,119,253	X	X	X
2. Time deposits	1,273,398	X	X	X	10,662	X	X	X
3. Loans	155,277	X	X	X	-	X	X	X
3.1 Repurchase agreements for funding purposes	-	X	X	X	-	X	X	X
3.2 Other	155,277	X	X	X	-	X	X	X
4. Liabilities for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease liabilities	306,907	X	X	X	344,374	X	X	X
6. Other due and payables	607,209	X	X	X	740,882	X	X	X
Total	**61,974,658**	**-**	**61,974,658**	**-**	**62,215,171**	**-**	**62,215,171**	**-**

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

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST: BREAKDOWN BY TYPE OF DEBT SECURITIES ISSUED

Type of securities/values	Total 31 Dec. 2023				Total 31 Dec. 2022			
	BV	Fair value			BV	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	10,932,919	-	10,837,939	-	9,299,858	-	9,359,956	-
1.1 Structured	-	-	-	-	-	-	-	-
1.2 other	10,932,919	-	10,837,939	-	9,299,858	-	9,359,956	-
2. Other securities	3,659,539	-	-	3,659,539	1,098,736	-	-	1,098,736
2.1 Structured	-	-	-	-	-	-	-	-
2.2 other	3,659,539	-	-	3,659,539	1,098,736	-	-	1,098,736
Total	**14,592,458**	**-**	**10,837,939**	**3,659,539**	**10,398,594**	**-**	**9,359,956**	**1,098,736**

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

Item “Bonds” reports covered bonds for Euro 8,649,406 thousand, Senior Non Preferred notes for Euro 1,561,736 thousand and ordinary debenture loans for Euro 721,777 thousand.

Item “other securities” reports certificates of deposit for Euro 3,451,286 thousand and banker's drafts for Euro 208,253 thousand.

1.4 BREAKDOWN OF SUBORDINATED LIABILITIES/SECURITIES

Characteristics	Issue date	Maturity date	Repayment schedule	Interest rate	Currency	Original amount in the rep. currency	Book value
Lower Tier II deposit	28 June 2017	28 June.2027	at maturity	3M Euribor + 219 bps	Euro	250,000	250,128
Lower Tier II deposit	11.12.2017	11.12.2027	at maturity	3M Euribor + 162 bps	Euro	400,000	401,242
Lower Tier II deposit	02.08.2019	02.08.2029	at maturity	3M Euribor + 213 bps	Euro	80,000	80,800
Lower Tier II deposit	15 Dec. 2021	15 Dec. 2031	at maturity	3M Euribor + 266 bps	Euro	80,000	80,234
Lower Tier II deposit	12 April 2022	12.04.2032	at maturity	3M Euribor + 314 bps	Euro	150,000	152,376
Lower Tier II deposit	14 Dec. 2023	14 Dec. 2033	at maturity	3M Euribor + 374 bps	Euro	215,000	215,779

As at the reporting date total subordinated deposits amounted to Euro 1,180,558 million.

1.5 BREAKDOWN OF STRUCTURED LIABILITIES

As at 31 December 2023, there were no structured liabilities.

1.6 LEASE LIABILITIES

For reporting on lease liabilities and the breakdown of maturities and cash flows, please see Part M of this Notes to the Financial Statements.

Section 2 – Financial liabilities held for trading – Item 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

Type of transactions/Values	Total 31 Dec. 2023					Total 31 Dec. 2022				
	Nominal or notional value	Fair Value			Fair value(*)	Nominal or notional value	Fair Value			Fair value(*)
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1 Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1 Financial Derivatives		-	198,241	-			-	328,990	59	
1.1 Held for trading	X	-	198,241	-	X	X	-	328,990	59	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit Derivatives		-	-	-			-	-	-	
2.1 Held for trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**198,241**	**-**	**X**	**X**	**-**	**328,990**	**59**	**X**
Total (A+B)	**X**	**-**	**198,241**	**-**	**X**	**X**	**-**	**328,990**	**59**	**X**

Key:
L1= Level 1
L2= Level 2
L3= Level 3
Fair value (*) = Fair value calculated excluding value changes resulting from an alteration in the issuer's credit rating after the date of issue.

The decrease in item "Derivative instruments" resulted mainly from the change in measurement component.

2.2 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED LIABILITIES

At the end of 2023, there were no subordinated "Liabilities held for trading".

2.3 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED LIABILITIES

At the end of 2023, there were no structured "Liabilities held for trading".

Section 4 – Hedging derivatives – Item 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND BY HIERARCHY LEVEL

	Fair value 31 Dec. 2023			NV 31 Dec. 2023	Fair value 31 Dec. 2022			NV 31 Dec. 2022
	L1	L2	L3		L1	L2	L3	
A. Financial Derivatives	**-**	**2,061,837**	**77,703**	**22,908,015**	**-**	**3,045,592**	**769,942**	**28,221,292**
1) Fair value	-	2,061,837	77,703	22,908,015	-	3,045,592	769,942	28,221,292
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**2,061,837**	**77,703**	**22,908,015**	**-**	**3,045,592**	**769,942**	**28,221,292**

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

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedging						Macro-hedging	Micro-hedging	Macro-hedging	
	Debt securities and interest rates	Equity securities and equity indices	Foreign exchange and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	18,114	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortized cost	180,259	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total assets	**198,373**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	1,941,167	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**1,941,167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The “Hedging Derivatives” item referring to financial liabilities measured at amortized cost consisted of Euro 109,370 thousand for hedging securities measured at amortized cost and Euro 70,889 thousand for hedging mortgage loans.

The "Hedging Derivatives" item referring to financial liabilities consisted of Euro 1,080,166 thousand for hedging own bonds issued and Euro 861,001 thousand for macrohedging of demand deposits; specifically, the hedged item is limited to the portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread. To hedge sight deposits, a "fictitious" bond-equivalent is simulated, which is designed to identify the hedged item obtained by modeling the financial statements item hedged.

Section 5 – Fair value change of financial liabilities in macro-hedge portfolios – Item 50

5.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES: BREAKDOWN BY HEDGED PORTFOLIO

Fair value change of hedged liabilities/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1 Increase in fair value of hedged financial liabilities	58,466	1,775
2. Decrease in fair value of hedged financial liabilities	849,817	1,493,597
Total	**-791,351**	**-1,491,822**

The part of demand deposits that is considered stable as to liquidity and rate, by the internal model adopted by the Crédit Agricole Italia Banking Group is in the macro-hedge portfolio.

Section 6 – Tax Liabilities – Item 60

Please, see Section 10 – Assets.

Section 8 – Other liabilities – Item 80

8.1 OTHER LIABILITIES: BREAKDOWN

	31 Dec. 2023	31 Dec. 2022
Trade payables	131,608	121,366
Amounts due to third parties	656,130	613,223
Credit transfers ordered and being processed	70,072	81,798
Amounts payable to tax authorities on behalf of third parties	331,744	124,702
Advances on loans to mature	69	61
Personnel expenses	120,532	109,646
Uncapitalized accrued expenses	54,180	16,731
Deferred income not allocated to other items	10,004	9,434
Sundry	265,874	214,365
Total	**1,640,213**	**1,291,326**

Section 9 – Employee severance benefits – Item 90

9.1 EMPLOYEE SEVERANCE BENEFITS: CHANGES FOR THE YEAR

	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Opening balance	**94,309**	**83,191**
B. Increases	**8,366**	**55,486**
B.1 Provision for the year	3,399	179
B.2 Other changes(*)	4,967	55,307
C. Decreases	**16,087**	**44,368**
C.1 Severance payments	16,087	26,073
C.2 Other changes	-	18,295
D. Closing balance	**86,588**	**94,309**
Total	**86,588**	**94,309**
(*) of which business combinations	-	49,822

9.2 OTHER INFORMATION

Information on the characteristics of defined-benefit plans and risks associated with them (IAS 19, paragraph 139)

Employee Severance Benefits

Pursuant to the Italian legislation, at the date of termination of his/her employment contract with a company, each employee is entitled to a severance package called "*Trattamento di Fine Rapporto*" (Employee Severance Benefits or with the Italian acronym TFR) equal to the sum of the Severance Benefits accrued for each year of work for the employer. The benefit accrued each year is equal to 6.91% of the gross annual pay. This rate is calculated by dividing the ordinary pay by 13.5; to the resulting amount a deduction is made of 0.5%, which is paid directly to the Italian National Social Security Institute (INPS) as a pension contribution.

Moreover, as at 31 December of each year, the Provision for Employees' Severance Benefits is subject to revaluation applying a fixed-rate of 1.5% plus 75% of the increase in the consumer price index for blue-collar and white-collar households for the year.

The revalued amount, thus calculated, is taxed at a 17% rate, as provided for by the Italian 2015 Stability Law (Italian Law No. 190 of 23 December 2014).

Pursuant to the applicable legislation, employees may ask for advances on their Severance Benefits accrued when the employment relation is still going on. This advance may be obtained only once during the employment relation, after at least 8 years on staff and up to 70% of the Employee Severance Benefits accrued as at the date of request.

With the entry into force of Italian 2007 Finance Act, concerning also the Reform of Supplementary Pension Schemes, the measurement of Employee Severance Benefits, in accordance with IAS 19 Revised, shall take account of the impacts of this Act, as well as of the guidelines for their calculation, which were issued by the Italian National Association of Actuaries and by the *Organismo Italiano di Contabilità* (the Italian National Accounting Body).

Given that, in 2006, Crédit Agricole Italia had an average number of employees higher than 50, it has been considered that the portions of employee severance benefits accruing in the future will be paid to a separate entity (supplementary pension scheme, FONDINPS or to the Fund managed by the Italian State Treasury) irrespective of the employees' choice. It was specifically considered that the Fund managed by the Italian State Treasury through the Italian National Social Security Institute (INPS), pursuant to Article 1, paragraph 5, of the Italian 2007 Finance Act "ensures that private sector employees receive the severance benefits as provided for in Article 2120 of the Italian Civil Code, in accordance with the contributions paid to the Fund".

0.5% supplement to employee severance benefits

For the employees that were formerly employees of the Intesa Sanpaolo Group and were already on staff on 31 December 1990, upon employment termination, an amount supplementing their severance benefits is granted, equal to the 0.5% contribution paid to the Italian National Social Security Institute (INPS) by the workers.

Such supplementary amount accrues on a monthly basis and is revalued in accordance with the ISTAT (the Italian National Institute of Statistics) index for the revaluation of employee severance benefits.

Additional 2.75% revaluation of employee severance benefits

To formerly Intesa employees, in case of employment termination, a supplementary amount is paid which is calculated by applying to the employee severance benefits accrued since 1992, on a yearly basis, an additional fixed revaluation equal to 2.75%. This amount is then revalued, on a yearly basis, according to the reference ISTAT (the Italian National Institute of Statistics) index.

Changes for the year in the defined-benefit plan net liabilities (assets) and in rights to repayment (IAS 19, paragraphs 140 and 141)

The statement of reconciliation for 2023 of the present value of the plan obligation for Crédit Agricole Italia is given below:

Actuarial value of the obligation as at 1 Jan. 2023		**94,309**
a	Service cost	32
b	Interest cost	3,367
c	Transfer in/out	341
d.1	Actuarial gains/losses from changes in financial assumptions	3,032
d.2	Actuarial gains/losses from changes in inflationary assumptions	-
d.3	Actuarial gains/losses from demographic experience	1,594
e.	Payments provided for by the Plan	-16,087
Actuarial value of the obligation as at 31 Dec. 2023		**86,588**

Disclosure of the fair value of the plan assets (IAS 19, paragraphs 142 and 143)

This point does not apply because no assets covering Employee Severance Benefits have been provided for.

Description of the main actuarial assumptions (IAS 19, paragraph 144)

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used regarding:

- Mortality;
- Invalidity;
- Termination (resignation or dismissal);
- Requests for advances;
- The workers' future economic career (including the assumptions on promotion to higher positions);
- Performance of the actual purchasing power of money.

Specifically, the following assumptions were used:

a) DEMOGRAPHIC TECHNICAL BASES:

a.1 Annual probability of exclusion due to death of employees on staff were calculated based on IPS55;

a.2 Annual probabilities of exclusion due to causes other than death of employees on staff were calculated based on appropriate smoothing of historical data of the Group and, therefore, an annual frequency of turnover of 3.50% was used;

a.3 The annual probability of request for advances on the accrued severance benefits was calculated based on the Group's experience and was assumed as equal to an average annual rate of 3%;

a.4 Retirement is assumed upon meeting the first requirement to qualify for pension.

b) ECONOMIC TECHNICAL BASES:

b.1 To calculate the present value of the various plans, in compliance with the instructions given by the Parent Company Crédit Agricole SA, the following rates were used:

- Employee severance benefits IBOXX duration 5-7 years 2.95%;
- Supplement of 0.5% IBOXX duration 5-7 years 2.95%;
- Additional revaluation of 2.75%IBOXX duration 7-10 years 3.08%;

b.2 The cost of living index for white-collar and blue-collar households, required for the revaluation of the employee severance benefits amounts allocated to provision, was assumed at 2%, as per the instructions given by Crédit Agricole S.A.;

b.3 The pay line, as a function of seniority, increasing by automatic pay increases only, was calculated, on average, with reference to the Company's employees, based on the interpolation and smoothing of the distribution of pays by seniority and on the national and company collective bargaining agreements;

b.4 The average annual rate of increase in pay for changes in the minimum wage, is to be seen as related to the fluctuation in the value of money and, therefore, its appreciation, especially in a long-term perspective, is technically difficult; a 2% rate was assumed;

b.5 Percentage of accrued employee severance benefits requested as advances: 60%.This percentage was inferred based on the Group historical data.

Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147)

The outcomes of the sensitivity analyses for each one of the above main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+50 bps	-50 bps
86,588	84,125	89,166

Inflation rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+50 bps	-50 bps
86,588	88,200	85,054

Turnover rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+100 bps	-100 bps
86,588	86,676	86,493

Multi-employer plans (IAS 19, paragraph 148)

This point does not apply because the provision for employee severance benefits is not a Multi-employer plan.

Defined-benefit plans that share risks between various entities under common control (IAS 19, paragraphs 149 and 150)

This point does not apply because the provision for employee severance benefits is not a plan that shares risks between various entities under common control.

Section 10 – Provisions for risks and charges – Item 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

Items/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Provisions for credit risk on commitments and financial guarantees given	78,921	72,517
2. Provisions for other commitments and guarantees given	-	-
3. Company pension plans	30,643	24,020
4. Other provisions for risks and charges	462,749	476,554
4.1 Legal and tax-related disputes	59,504	78,496
4.2 Personnel expenses	192,008	225,656
4.3 Other	211,237	172,402
Total	**572,313**	**573,091**

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

	Provisions for other commitments and guarantees given	Pension plans	Other provisions for risks and charges	Total
A. Opening balance	**-**	**24,020**	**476,554**	**500,574**
B. Increases	**-**	**10,347**	**133,266**	**143,613**
B.1 Provision for the year	-	-	131,292	131,292
B.2 Changes due to passage of time	-	1,116	1,941	3,057
B.3 Changes due to alterations in the discount rate	-	-	33	33
B.4 Other changes	-	9,231	-	9,231
C. Decreases	**-**	**3,724**	**147,071**	**150,795**
C.1 Use in the period	-	3,724	126,199	129,923
C.2 Changes due to alterations in the discount rate	-	-	18	18
C.3 Other changes	-	-	20,854	20,854
D. Closing balance	**-**	**30,643**	**462,749**	**493,392**

10.3 PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN

	Provisions for credit risk on commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	POCI	Total
Commitments to disburse funds	7,098	8,659	12	-	15,769
Financial guarantees given	2,956	8,072	52,124	-	63,152
Total	**10,054**	**16,731**	**52,136**	**-**	**78,921**

10.4 PROVISIONS FOR OTHER COMMITMENTS AND GUARANTEES GIVEN

As at 31 December 2023, there were no provisions for other commitments and guarantees given.

10.5 COMPANY DEFINED-BENEFIT PENSION PLANS

1. Information on the characteristics of the entity's defined benefit plans and risks associated with them

Through its Defined-Benefit Pension Plan, Crédit Agricole Italia provides pension schemes that are supplementary or complementary to the pensions paid by INPS (Italian National Social Security Institute) on whatsoever ground, in compliance with the specific Regulation of the Pension Fund.

As at today's date, in accordance with the above Regulation, the employees on staff are not entitled to the benefits provided by the Pension Fund.

The plan is funded by a provision accrued by the Company, determined based on the mathematical reserve, certified annually by an independent actuary.

These benefits may consist in a pension assigned directly to the person concerned, in a pension assigned indirectly to the surviving family of the person concerned dying either before or after retirement.

As at 31 December 2023, 487 pensioners, 3 people in service and a deferred member (252 women and 239 men) were the beneficiaries of Crédit Agricole Italia Pension Fund, to whom a gross annual supplementary pension is paid amounting to Euro 7,357.

The average age of Crédit Agricole Italia pension plan beneficiaries is 83.5 years.

The number of members under analysis considerably changed vs. the 2022 figures due to exits from the pension fund and to the inclusion of former-Creval Pension Fund in Credit Agricole Pension Fund, effective as of 1 January 2023.

2. Change for the year in defined-benefit net liabilities (assets) and in rights to repayment from the plan

The table below reports the 2023 reconciliation figures for Crédit Agricole Italia:

Actuarial value of the obligation as at 1 Jan. 2023		24,020
a	Service cost	-
b	Interest cost	1,116
c.1	Actuarial gains/losses from changes in financial assumptions	1,374
c.2	Actuarial gains/losses from changes in inflationary assumptions	-
c.3	Actuarial gains/losses from demographic experience	1,374
d	Payments provided for by the Plan	-3,725
e	Transfer in/out	6,484
Actuarial value of the obligation as at 31 Dec. 2023		**30,643**

The value of the mathematical reserve is equal to the amount that the Management should have as at the measurement date, based on the assumptions used, in order to meet all the commitments undertaken towards the participants in the plan.

3. Disclosure of the fair value of the plan assets

This point does not apply because no assets covering the plan have been provided for.

4. Description of the main actuarial assumptions

In order to be able to make the required measurements, appropriate demographic and economic assumptions must be used, such as:

- Mortality;
- Probability to have a family;
- Performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- Annual probability of exclusion due to death of employees not on staff were calculated based on A62;
- For assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- The cost of living index for white-collar and blue-collar households, required for smoothing the annual pension instalments, was assumed at 2%, in accordance with the instructions given by Crédit Agricole SA;
- The annual increase in the plan benefits is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- To calculate the Present Value, in compliance with the instructions issued by Crédit Agricole SA, the rate used was IBOXX AA € Corporate AA (duration 7-10 years) of 3.63%.

5. Disclosure of amount, timing and uncertainty of future cash flows

The results of the sensitivity analyses for each one of the aforementioned main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+50 bps	-50 bps
30,643	29,621	31,736

Mortality rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	+20 bps	-20 bps
30,643	28,038	34,007

Inflation rate

Actuarial value of the obligation as at 31 Dec. 2023		
Central assumption	up	down
30,643	31,246	30,059

10.6 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

The breakdown of Other Provisions is as follows:

- Legal disputes: the provision is intended to cover any expenses from lawsuits brought against the Bank and revocatory actions in insolvency and bankruptcy.
- Personnel expenses: the provision covers the expenses for voluntary redundancy incentives.
- Other risks and charges refer mainly to provisions intended to cover the expenses for the integration of Creval, Carismi, Caricesena and Carim, the expenses associated with the disposal of NPL portfolio and other disputes with Customers.

In 2023 it was deemed it appropriate to exercise the option given by Italian Law 197/2022 (tax amnesty measure), in order to solve some tax disputes. At specific conditions and in specific cases, the aforementioned Law established the option, in accordance with the status and instance of the dispute, to settle the dispute paying a set percentage of the tax without application of interests and penalties, taking also into account of the payments already made.

In order to downsize the dispute and to reduce the risk, albeit with judgements, in some cases favourable ones, and believing that their conduct has always been fair and lawful, after the appropriate calculation to verify the expediency, the Bank deemed it appropriate to settle some disputes.

Two tax disputes are still pending and concern a transfer of branches made in 2011 by the Intesa SanPaolo Group and followed by the transfer of the equity investment to institutional shareholders of Crédit Agricole Italia, which was qualified by the Tax Authority as a transfer of a business unit, with yet another claim about the goodwill taxable base, for a registration tax amount of Euro 11.7 million, plus interest claimed from the parties jointly and severally involved. On the transaction requalification, favourable fist -and second-instance court judgements have already been obtained and the Italian Court of Cassation's ruling is pending. Having said that, also in this case, the Group believes that its conduct has always been fair and lawful and expects a favourable outcome of the dispute, also on the grounds of the aforementioned judgements, considering that the charge - if any - would be shared between the parties jointly and severally involved under specific agreements, on a prudential basis a provision of Euro 1.15 million has remained.

Two other disputes are also still pending and concern Crédit Agricole Carispezia, which was absorbed in July 2019, on the determination of the IRAP taxable base for fiscal years 2015 and 2016, for a total amount of Euro 694 thousand, on which, in October 2022, an unfavourable first-instance judgement was issued. In the early days of 2024, for the same reasons, the notification was served of yet another assessment on fiscal year 2017, for a total amount of Euro 129 thousand. Although believing that its conduct has always been fair and lawful, as it will be argued in court, for the three claims the Bank decided to recognize a prudential provision of Euro 862 thousand in the 2023 Financial Statements.

There are other minor disputes totalling Euro 0.6 million, for which the Group believes it has good grounds as its conduct has always been fair and lawful, as substantiated, in several cases, by fully or partially favourable judgements, which, therefore, have not been provisioned for.

More specifically:
- Some disputes on registration tax on legal deeds coming from the merged entity Cassa di Risparmio di Rimini, for a total amount of Euro 0.4 million;
- A dispute from Creval, which was merged by absorption in April 2022, concerning failure to repay IRPEG withholdings regarding an absorbed entity for a total amount of Euro 0.2 million. The first-instance judgements were in favour of the Bank, but the tax Authority filed appeal against them.

Lastly, the notice of three assessments was 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 concern the determination of the income of member entities that do not belong to the Crédit Agricole Italia Banking Group, for a total amount including tax, penalty and interest of Euro 6.1 million. On two claims a favourable first-instance judgement was issued and the appeal judgement was pending as at the reporting date, whereas the notice of the other assessment was served in December 2023. It is also pointed out that any expenses shall be paid for by the tax consolidation member entities, which do not belong to the Crédit Agricole Italia Banking Group.

Section 12 – Parent Company Shareholders' Equity – Items 110, 130, 140, 150, 160, 170 and 180

12.1 "CAPITAL" AND "TREASURY SHARES": BREAKDOWN

As at 31 December 2023, the Parent Company's share capital , fully paid in, consisted of 1,102,071,064 ordinary shares, with a nominal value of Euro 1 each.

As at 31 December 2023 the Bank held 6,017 treasury shares.

12.2 CAPITAL - NUMBER OF SHARES: CHANGES FOR THE YEAR

Items/Types	Ordinary	Other
A. Shares - opening balance	**1,102,071,064**	**-**
- fully paid in	1,102,071,064	-
- partially paid in	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	**1,102,071,064**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- for a consideration:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to Employees	-	-
- to Directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**6,017**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	6,017	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**1,102,065,047**	**-**
D.1 Treasury shares (+)	6,017	-
D.2 Shares - closing balance	1,102,071,064	-
- fully paid in	1,102,071,064	-
- partially paid in	-	-

12.3 CAPITAL: OTHER INFORMATION

The unit nominal value of the 1,102,071,064 ordinary shares is Euro 1.

12.4 RETAINED EARNINGS RESERVES: OTHER INFORMATION

Items/Types	Amounts
Legal reserve	220,414
Reserves provided for by the Articles of Association	1,031,392
Reserve pursuant to Art. 13 of It. Leg. D. 124/93(*)	334
Provision for the purchase of treasury shares	6
Extraordinary reserve of undistributable dividends on treasury shares	6
Reserve for interest on Additional Tier 1 Instruments	-338,996
Reserve for business combinations under common control	1,023,135
Reserve from the sale of financial assets at fair value through other comprehensive income without recycling	-3,899
Other reserves on financial assets at fair value through other comprehensive income without recycling	384
Carim IAS 19 revised first-time adoption reserve	-305
Retained earnings reserves	1,932,471
Reserve from share-based payments (**)	3,506
Total reserves	**1,935,977**

(*) Reserve pursuant to Art.13 of Italian Legislative Decree No. 124/1993 to take advantage of tax relief on the portions of Employee severance benefits to be used for supplementary pension schemes.

(**) Reserve recognizing the increase in equity resulting from payments based on shares of the controlling company Crédit Agricole SA. made to Employees and Directors.

12.5 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

The “Equity instruments” item reports the issues of Additional Tier 1 instruments for Euro 815 million.

There were no changes in the reporting period.

OTHER INFORMATION

1. Commitments and financial guarantees given (other than those designated at fair value)

	Notional value on commitments and financial guarantees given				Total 31 Dec. 2023	Total 31 Dec. 2022
	Stage 1	Stage 2	Stage 3	POCI		
Commitments to disburse funds	**23,849,199**	**229,081**	**111,735**	**-**	**24,190,015**	**1,806,519**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	362,006	11	-	-	362,017	5,528
c) Banks	2,295,487	-	-	-	2,295,487	8,135
d) Other financial companies	4,396,699	8,125	1,353	-	4,406,177	335,030
e) non-financial corporations	15,904,893	152,086	105,997	-	16,162,976	1,240,700
f) Households	890,114	68,859	4,385	-	963,358	217,126
Financial guarantees given	**2,748,383**	**412,180**	**70,514**	**-**	**3,231,077**	**3,311,862**
a) Central Banks	-	-	-	-	-	-
b) Public administration bodies	12,359	246	-	-	12,605	9,391
c) Banks	518,784	381	-	-	519,165	599,343
d) Other financial companies	90,135	4,058	3	-	94,196	105,411
e) non-financial corporations	2,040,170	388,868	69,527	-	2,498,565	2,487,295
f) Households	86,935	18,627	984	-	106,546	110,422

2. Other commitments and other guarantees given

	Nominal value	
	Amount 31 Dec. 2023	Amount 31 Dec. 2022
1. Other guarantees given	**-**	**-**
of which non-performing	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) non-financial corporations	-	-
f) Households	-	-
2. Other commitments	**40,532**	**3,924**
of which non-performing	-	-
a) Central Banks	-	-
b) Public administration bodies	-	-
c) Banks	-	-
d) Other financial companies	40,532	3,924
e) non-financial corporations	-	-
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount 31 Dec. 2023	Amount 31 Dec. 2022
1. Financial assets measured at fair value through profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	33,800	-
3. Financial assets measured at amortized cost	16,656,084	21,567,692
4. Property, Plant and Equipment	-	-
- of which: property, plant and equipment inventories	-	-

4. Management and intermediation services

Type of services	Amount
1. Trading on behalf of customers	**-**
a) Purchases	-
1. settled	-
2. not yet settled	-
b) Sales	-
1. settled	-
2. not yet settled	-
2. Portfolio management	**-**
3. Custody and administration of securities	**95,826,080**
a) Third-party securities on deposit held for depository bank services (excluding asset management)	-
1. Securities issued by the reporting Bank	-
2. other securities	-
b) securities of third parties deposited (excluding portfolio management): other	45,243,280
1. Securities issued by the reporting Bank	5,245,008
2. other securities	39,998,272
c) third-party securities deposited with third parties	41,065,735
c) proprietary securities deposited with third parties	9,517,065
4. Other transactions	**-**

5. Financial assets subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities offset (b)	Net amount of financial assets recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2023	Net amount 31 Dec. 2022
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,062,047	-	1,062,047	937,904	-	124,143	296,700
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2023	**1,062,047**	**-**	**1,062,047**	**937,904**	**-**	**124,143**	**X**
Total 31 Dec. 2022	**1,650,538**	**-**	**1,650,538**	**1,353,838**	**-**	**X**	**296,700**

6. Financial liabilities subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset (b)	Net amount of financial liabilities recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31 Dec. 2023	Net amount 31 Dec. 2022
				Financial Instruments (d)	Cash deposits as collateral (e)		
1. Derivatives	2,337,781	-	2,337,781	937,904	1,021,650	378,227	676,855
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31 Dec. 2023	**2,337,781**	**-**	**2,337,781**	**937,904**	**1,021,650**	**378,227**	**X**
Total 31 Dec. 2022	**4,144,583**	**-**	**4,144,583**	**1,353,838**	**2,113,890**	**X**	**676,855**

IFRS 7 requires specific disclosure on financial instruments that have been offset in the Balance Sheet pursuant to IAS 32 or that may be potentially offset, upon occurrence of specific conditions, but are recognised in the Balance Sheet without any netting as they are governed by “master netting agreements or similar arrangements” that do not comply with all the requirements laid down by IAS 32 paragraph 42.

As regards instruments that may potentially be offset, at the occurrence of certain events, and to be reported in tables 6 and 7, it is pointed out that, for transactions in OTC, the Crédit Agricole Italia Banking Group has signed bilateral netting agreements (ISDA) with all banking counterparties it has OTC derivatives if force with, whereby, if certain conditions are met, claims and obligations relating to OTC derivatives may be offset. Furthermore, the Group has signed Credit Support Annexes (CSA) attached to the ISDA agreements, providing for the exchange of collateral with the counterparties in order to reduce net exposure.

In order to prepare the tables and in accordance with IFRS 7 and with the new regulations on Banks’ financial statements, it is reported that:

- The effects of the potential offsetting of the balance sheet values of financial assets and liabilities are reported in column (d) “Financial instruments”;
- The related cash collaterals are presented in column (e) “Cash deposits received/pledged as collateral”;
- Transactions in derivatives are recognized at fair value.

These effects are calculated for each master netting agreement, to the extent of the exposure stated in column (c).

Based on the preparation methods described above, thanks to the netting agreements and the related collateral, the credit/debt exposure to the counterparties can be significantly reduced, as shown in column (f) “Net amount”.

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 INTEREST AND SIMILAR INCOME: BREAKDOWN

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Financial assets measured at fair value through profit or loss	**279**	**-**	**-**	**279**	**448**
1.1 Financial assets held for trading	6	-	-	6	8
1.2 b. Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	273	-	-	273	440
2. Financial assets measured at fair value through other comprehensive income	**79,175**	**-**	**X**	**79,175**	**89,395**
3. Financial assets measured at amortized cost	**73,601**	**2,662,372**	**-**	**2,735,973**	**1,531,445**
3.1 Due from banks	4	315,445	X	315,449	46,606
3.2 Loans to customers	73,597	2,346,927	X	2,420,524	1,484,839
4. Hedging derivatives	**X**	**X**	**238,305**	**238,305**	**(370,297)**
5. Other assets	**X**	**X**	**131,556**	**131,556**	**42,860**
6. Financial liabilities	**X**	**X**	**X**	**8**	**52,490**
Total	**153,055**	**2,662,372**	**369,861**	**3,185,296**	**1,346,341**
of which: interest income on impaired financial assets	-	42,817	-	42,817	30,183
of which: interest income on finance leases	X	-	X	-	914

1.2 INTEREST AND SIMILAR INCOME: OTHER INFORMATION

1.2.1 Interest income on foreign-currency financial assets

As at 31 December 2023, interest income on foreign-currency financial assets came to Euro 21,603 thousand.

1.3 INTEREST AND SIMILAR EXPENSES: BREAKDOWN

Items/Technical forms	Due and payables	Securities	Other transactions	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Financial liabilities measured at amortized cost	**(651,167)**	**(258,683)**	**-**	**(909,850)**	**(219,865)**
1.1 Due to central banks	(176,713)	X	X	(176,713)	(25,391)
1.2 Due to banks	(80,486)	X	X	(80,486)	(29,321)
1.3 Due to customers	(393,968)	X	X	(393,968)	(59,630)
1.4 Debt securities issued	X	(258,683)	X	(258,683)	(105,523)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	**X**	**X**	**(218)**	**(218)**	**(4,341)**
5. Hedging derivatives	**X**	**X**	**(558,231)**	**(558,231)**	**145,386**
6. Financial assets	**X**	**X**	**X**	**(15)**	**(2,574)**
Total	**(651,167)**	**(258,683)**	**(558,449)**	**(1,468,314)**	**(81,394)**
Of which: interest expenses on lease liabilities	(9,456)	X	X	(9,456)	(7,710)

1.4 INTEREST AND SIMILAR EXPENSES: OTHER INFORMATION

1.4.1 Interest expense on foreign-currency liabilities

As at 31 December 2023, interest expense on foreign-currency financial liabilities came to Euro 7,940 thousand.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

Items	31 Dec. 2023	31 Dec. 2022
A. Positive differentials on hedging transactions	773,669	403,323
B. Negative differentials on hedging transactions	(1,093,595)	(628,234)
C. Balance (A-B)	**(319,926)**	**(224,911)**

Section 2 – Fees and Commissions – Items 40 and 50

2.1 FEE AND COMMISSION INCOME: BREAKDOWN

Type of services/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
a) Financial instruments	**249,886**	**276,214**
1. Placement of securities	232,452	262,156
1.1 With firm commitment underwriting and/or based on an irrevocable commitment	-	-
1.2 Without irrevocable commitment	232,452	262,156
2. Receipt and transmission of orders and trading on customers' behalf	16,526	13,282
2.1 Receipt and transmission of orders for one or more financial instruments	16,526	13,282
2.2 Trading on behalf of customers	-	-
3. Other fees and commissions on activities in financial Instruments	908	776
Of which: proprietary trading	750	673
Of which: individual portfolio management	158	107
b) Corporate Finance	**-**	**-**
1. M&A advice	-	-
2. Treasury services	-	-
3. Other fees and commissions on corporate finance services	-	-
c) Investing advice	**1,167**	**345**
d) Clearing and settlement	**-**	**-**
e) Custody and administration	**6,127**	**5,738**
1. Depositary bank services	-	-
2. Other fees and commissions on custody and administration	6,127	5,738
f) Central administrative services for collective portfolio management	**-**	**-**
g) Fiduciary activities	**-**	**-**
h) Payment services	**435,340**	**415,648**
1. Current accounts	278,559	278,253
2. Credit cards	38,942	31,481
3. Debit cards and other payment cards	49,513	40,656
4. Credit transfers and other payment orders	24,023	27,266
5. Other fees and commissions on payment services	44,303	37,992
i) Distribution of third-party services	**412,859**	**413,034**
1. Collective portfolio management	-	-
2. Insurance products	339,990	343,091
3. Other products	72,869	69,943
Of which: individual portfolio management	11,483	13,313
j) Structured finance	**45,946**	**44,959**
k) Securitization servicing	**-**	**35**
l) Commitments to disburse funds	**-**	**-**
m) Financial guarantees given	**25,010**	**23,964**
Of which: credit derivatives	-	-
n) Financing transactions	**12,856**	**12,118**
Of which: for factoring	-	-
o) Foreign exchange trading	**7,053**	**7,514**
p) Commodities	**-**	**-**
q) Other fee and commission income	**70,825**	**68,059**
Of which: for management of multilateral trading facilities	-	-
Of which: management of organized trading facilities	-	-
Total	**1,267,069**	**1,267,628**

Item "q) Other fee and commission income" mainly reports fee and commission income from Collection services for Euro 29,809 thousand and fee and commission income on e-money services for Euro 24,758 thousand.

2.2 FEE AND COMMISSION INCOME: DISTRIBUTION CHANNELS FOR PRODUCTS AND SERVICES

Channels/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
a) At own branches:	**645,154**	**675,190**
1. portfolio management	-	-
2. placement of securities	232,396	262,156
3. third party products and services	412,758	413,034
b) off-premises distribution:	**125**	**244**
1. portfolio management	-	-
2. placement of securities	56	106
3. third party products and services	101	138
c) other distribution channels:	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. third party products and services	-	-
Total	**645,311**	**675,434**

2.3 FEE AND COMMISSION EXPENSE: BREAKDOWN

Services/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
a) Financial instruments	**(2,967)**	**(2,925)**
Of which: trading in financial instruments	(2,967)	(2,033)
Of which: placement of financial instruments	-	(892)
Of which: individual portfolio management	-	-
- on own account	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	**-**	**-**
c) Custody and administration	**(2,411)**	**(2,285)**
d) Collection and payment services	**(11,270)**	**(11,093)**
Of which: credit cards, debit cards and other payment cards	(7,343)	(6,714)
e) Securitization servicing	**-**	**-**
f) Commitments to receive funds	**-**	**-**
g) Financial guarantees received	**(11,942)**	**(13,334)**
Of which: credit derivatives	-	-
h) Off-premises distribution of financial instruments, products and services	**-**	**-**
i) Foreign exchange trading	**-**	**-**
j) Other fee and commission expenses	**(21,059)**	**(18,890)**
Total	**(49,649)**	**(48,527)**

Item "j) Other fee and commission expenses" mainly reports fee and commission expenses on e-money services for Euro 13,347 thousand.

Section 3 – Dividend and similar income – Item 70

3.1 DIVIDEND AND SIMILAR INCOME: BREAKDOWN

Items/Revenues	Total 31 Dec. 2023		Total 31 Dec. 2022	
	Dividend income	Similar income	Dividend income	Similar income
A. Financial assets held for trading	5	-	4	-
B. Other financial assets mandatorily measured at fair value	1,108	887	897	1,898
C. Financial assets measured at fair value through other comprehensive income	10,667	-	10,557	-
D. Equity investments	1,533	-	2,352	-
Total	**13,313**	**887**	**13,810**	**1,898**

The main dividend for the reporting year referred to the shareholding in the Bank of Italy, which was classified in the "Financial assets measured at fair value through other comprehensive income" portfolio (Euro 9,563 thousand).

Income referred to the units of O.I.C.R. collective investment undertakings held.

Section 4 – Net profits (losses) on trading activities – Item 80

4.1 NET PROFITS (LOSSES) ON TRADING ACTIVITIES: BREAKDOWN

Transactions/income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net profit (loss [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**1,110**	**(3)**	**(32)**	**1,075**
1.1 Debt securities	-	1,110	(3)	(32)	1,075
1.2 Equity securities	-	-	-	-	-
1.3 Units of O.I.C.R. collective investment undertakings	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Due and payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**9,656**
4. Derivatives	**192,620**	**248,615**	**(194,044)**	**(243,862)**	**3,936**
4.1 Financial derivatives:	192,620	248,615	(194,044)	(243,862)	3,936
- On debt securities and interest rates	192,620	248,615	(194,044)	(243,862)	3,329
- On equity securities and equity indices	-	-	-	-	-
- On foreign exchange and gold	X	X	X	X	607
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value option	X	X	X	X	-
Total	**192,620**	**249,725**	**(194,047)**	**(243,894)**	**14,667**

Section 5 – Net profits (losses) on hedging activities – Item 90

5.1 NET PROFITS (LOSSES) ON HEDGING ACTIVITIES: BREAKDOWN

	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Income from:		
A.1 Fair value hedging derivatives	1,408,025	1,666,033
A.2 Hedged financial assets (fair value)	540,590	4,757
A.3 Hedged financial liabilities (fair value)	874	3,504,988
A.4 Cash flow hedging financial derivatives	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income from hedging activities (A)	**1,949,489**	**5,175,778**
B. Expenses for:		
B.1 Fair value hedging derivatives	(768,140)	(3,579,658)
B.2 Hedged financial assets (fair value)	(8,633)	(1,428,940)
B.3 Hedged financial liabilities (fair value)	(1,181,613)	(177,486)
B.4 Cash flow hedging financial derivatives	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total expenses on hedging activities (B)	**(1,958,386)**	**(5,186,084)**
C. Net profit (loss) on hedging activities (A - B)	**(8,897)**	**(10,306)**
of which: fair value adjustments in hedge accounting on net positions	-	-

Section 6 – Profits (losses) on disposal/repurchase – Item 100

6.1 PROFITS (LOSSES) ON DISPOSAL/REPURCHASE: BREAKDOWN

Items/Income components	Total 31 Dec. 2023			Total 31 Dec. 2022		
	Profits	Losses	Net profit (loss)	Profits	Losses	Net profit (loss)
A. Financial Assets						
1. Financial assets measured at amortized cost	142,398	(68,751)	73,647	47,915	(26,966)	20,949
1.1 Due from banks	-	-	-	6	(576)	(570)
1.2 Loans to customers	142,398	(68,751)	73,647	47,909	(26,390)	21,519
2. Financial assets measured at fair value through other comprehensive income	47,124	(21,117)	26,007	54,498	(39,754)	14,744
2.1 Debt securities	47,124	(21,117)	26,007	54,498	(39,754)	14,744
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**189,522**	**(89,868)**	**99,654**	**102,413**	**(66,720)**	**35,693**
B. Financial liabilities measured at amortized cost						
1. Due to banks	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-
3. Debt securities issued	50	(1,720)	(1,670)	9,297	(240)	9,057
Total liabilities (B)	**50**	**(1,720)**	**(1,670)**	**9,297**	**(240)**	**9,057**

Section 7 – Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss – Item 110

7.1 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

There were no financial assets and liabilities designated at fair value

7.2 NET CHANGE IN VALUE OF OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

Transactions/income components	Capital gains (A)	Profits on realization (B)	Capital losses (C)	Losses on realization (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	**919**	**5,581**	**(3,926)**	**(8)**	**2,566**
1.1 Debt securities	919	2,219	(3,348)	-	(210)
1.2 Equity securities	-	3,362	(1)	(8)	3,353
1.3 Units of O.I.C.R. collective investment undertakings	-	-	(577)	-	(577)
1.4 Loans	-	-	-	-	-
2. Financial assets in foreign currencies: foreign exchange differences	X	X	X	X	-
Total	**919**	**5,581**	**(3,926)**	**(8)**	**2,566**

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

8.1 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN

Transactions/income components	Adjustments						Recoveries				Total 31 Dec. 2023	Total 31 Dec. 2022
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-offs	Other	Write-offs	Other						
A. Due from Banks	**(8)**	**-**	**-**	**(5)**	**-**	**-**	**169**	**-**	**-**	**-**	**156**	**(1,526)**
- Loans	(8)	-	-	(5)	-	-	169	-	-	-	156	(1,526)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(26,763)**	**(209,122)**	**(27,934)**	**(298,047)**	**-**	**-**	**75,391**	**119,535**	**91,690**	**-**	**(275,250)**	**(273,159)**
- Loans	(25,427)	(209,122)	(27,934)	(297,376)	-	-	72,336	119,535	91,690	-	(276,298)	(264,449)
- Debt securities	(1,336)	-	-	(671)	-	-	3,055	-	-	-	1,048	(8,710)
Total	**(26,771)**	**(209,122)**	**(27,934)**	**(298,052)**	**-**	**-**	**75,560**	**119,535**	**91,690**	**-**	**(275,094)**	**(274,685)**

8.2 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

Transactions/income components	Adjustments						Recoveries				Total 31 Dec. 2023	Total 31 Dec. 2022
	Stage 1	Stage 2	Stage 3		POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
			Write-offs	Other	Write-offs	Other						
A. Debt securities	(1,736)	-	-	-	-	-	135	-	-	-	(1,601)	(3,702)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- to customers	-	-	-	-	-	-	-	-	-	-	-	-
- to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(1,736)	-	-	-	-	-	135	-	-	-	(1,601)	(3,702)

Section 9 – Profits/losses on contract modifications without derecognition – Item 140

9.1 PROFITS (LOSSES) ON CONTRACTUAL MODIFICATIONS: BREAKDOWN

Losses on contract modifications came to Euro 7,495 thousand.

This item reports the impacts resulting from contract modifications on medium/long-term loans to customers, which, as they do not classify as substantial in accordance with IFRS 9, do not entail derecognition of the assets, but recognition in the Income Statement of the modifications made to contractual cash flows.

Section 10 – Administrative expenses – Item 160

10.1 PERSONNEL EXPENSES: BREAKDOWN

Type of expense/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1) Employees	(968,717)	(913,848)
a) wages and salaries	(671,618)	(675,871)
b) social security contributions	(176,127)	(175,437)
c) severance benefits	(551)	(689)
d) pensions	-	-
e) allocation to employee severance benefit provision	(3,399)	(179)
f) allocation to provision for post-employment and similar obligations:	(1,116)	(98)
- defined-contribution	-	-
- defined-benefit	(1,116)	(98)
g) payment to external supplementary pension schemes:	(62,368)	(65,071)
- defined-contribution	(62,368)	(65,071)
- defined-benefit	-	-
h) costs from share-based payment agreements	-	-
i) other employee benefits	(53,538)	3,497
2) Other staff	(652)	(2,218)
3) Directors and Auditors	(1,364)	(2,207)
4) Retired personnel	-	-
5) Expense recovery for employees seconded to other companies	44,481	37,392
6) Expense refund for third parties' employees seconded to the company	(7,091)	(5,174)
Total	**(933,343)**	**(886,055)**

10.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

	31 Dec. 2023
Employees:	10,807
a) Senior Managers	135
b) Junior Managers	4,921
c) other Employees	5,751
Other staff	29

The figures reporting the number of employees take account of incoming and outgoing secondments; the "Other staff" figure refers exclusively to non-employees.

10.3 COMPANY DEFINED-BENEFIT PENSION PLANS: COSTS AND REVENUES

Type of expenses/Values	31 Dec. 2023	31 Dec. 2022
Provision for the year	-	-
Changes due to passing of time	(1,116)	(98)

10.4 OTHER EMPLOYEE BENEFITS

These mainly consisted of the costs incurred for incentives to voluntary redundancy, for non-occupational policies, refresher and training, and for employee benefits, as well as contributions to the employees' recreational club.

10.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2023	31 Dec. 2022
Direct and indirect taxes	(160,107)	(149,437)
IT services, data processing	(19,132)	(26,270)
Facility rental and management	(10,231)	(11,327)
Expenses for advisory services	(18,898)	(26,953)
Mail, telegraph and delivery services	(1,078)	(1,297)
Telephone and data transmission	(1,683)	(3,496)
Legal expenses	(4,175)	(8,009)
Property maintenance	(8,337)	(6,887)
Furnishing and plant maintenance	(534)	(3,144)
Marketing, promotion and entertainment expenses	(19,340)	(14,999)
Transport services	(3,125)	(2,498)
Lighting, heating and air conditioning	(23,220)	(26,427)
Printed material, stationery and consumables	(2,906)	(2,202)
Staff training expenses and reimbursements	(8,710)	(8,431)
Security services	(503)	(748)
Information and title searches	(5,738)	(6,295)
Insurance premiums	(243,852)	(200,825)
Cleaning services	(90)	(642)
Leasing of other property, plant and equipment	(3,108)	(3,145)
Management of archives and document handling	-	(126)
Reimbursement of costs to Group companies	(380,354)	(377,440)
Contributions to support the banking system	(101,038)	(95,873)
Sundry expenses	(23,975)	(22,496)
Total	**(1,040,134)**	**(998,967)**

Section 11 – Net provisions for risks and charges – Item 170

11.1 NET PROVISIONS FOR CREDIT RISK ON COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: BREAKDOWN

The "Net provisions for credit risk on commitments and guarantees" item came to Euro 6,407 thousand.

11.2 NET PROVISIONS FOR OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN: BREAKDOWN

As at 31 December 2023, there were no provisions for other commitments and guarantees given.

11.3 NET PROVISIONS FOR OTHER RISKS AND CHARGES: BREAKDOWN

The“Net provisions for risks and charges” item came to Euro 38,042 thousand and consists of Euro 401 thousand in provisions for revocatory actions, Euro 14,279 thousand in provisions for non-lending-related legal disputes and Euro 23,362 thousand in other provision.

Section 12 – Net adjustments/writebacks of property, plant and equipment – Item 180

12.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a+b-c)
A. Property, plant and equipment:				
1. Operating assets	(84,798)	(4,632)	1,388	(88,042)
- owned	(37,390)	-	-	(37,390)
- Rights of use acquired through leases	(47,408)	(4,632)	1,388	(50,652)
2. Investment property	(6,926)	(15,759)	-	(22,685)
- owned	(5,239)	(15,759)	-	(20,998)
- Rights of use acquired through leases	(1,687)	-	-	(1,687)
3. Inventories	X	-	-	-
B. Assets held for sale	-	(3,433)	-	(3,433)
Total	**(91,724)**	**(23,824)**	**1,388**	**(114,160)**

Section 13 – Net adjustments of/recoveries on intangible assets – Item 190

13.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: BREAKDOWN

Assets/Income components	Depreciation (a)	Impairment (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Intangible assets				
of which. software	-	-	-	-
A.1 Owned	(21,136)	-	-	(21,136)
- Internally generated	-	-	-	-
- Other	(21,136)	-	-	(21,136)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(21,136)**	**-**	**-**	**(21,136)**

Section 14 – Other operating expenses and income – Item 200

14.1 OTHER OPERATING EXPENSES: BREAKDOWN

Type of expense/Values	31 Dec. 2023	31 Dec. 2022
Amortization of expenditure for leasehold improvements	(5,620)	(5,934)
Other expenses	(18,777)	(12,554)
Total	**(24,397)**	**(18,488)**

14.2 OTHER OPERATING INCOME: BREAKDOWN

Type of expense/Values	31 Dec. 2023	31 Dec. 2022
Rental income and recovered expenses on real estate	5,653	6,593
Taxes and levies recovered	137,983	125,733
Insurance costs recovered	238,827	194,472
Other expenses recovered	5,191	3,823
Service recovery	4,559	3,176
Other income	11,941	15,835
Total	**404,154**	**349,632**

Section 15 – Profits (losses) on equity investments – Item 220

15.1 PROFITS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

Income components/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Income	4,961	5,419
1. Revaluations	-	-
2. Profits on disposal	4,908	5,299
3. Recoveries	-	-
4. Other income	53	120
B. Expenses	(3,065)	(14)
1. Writedowns	-	-
2. Writedowns on impairment	(3,065)	(12)
3. Losses on disposal	-	(2)
4. Other expenses	-	-
Net profit (loss)	**1,896**	**5,405**

The gains on the disposal of GeneralFinance S.p.A. for an amount of Euro 15,432 thousand.

Item “Adjustments for impairment” mainly reports the write-downs of Stelline Real Estate S.p.A. for Euro 2,144 thousand and Le Village by CA Milano S.r.l. for Euro 350 thousand.

Section 18 – Profits (losses) on disposal of investments – Item 250

18.1 PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN

Income component/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
A. Real estate	2,846	3,127
- Profits on disposal	3,399	3,292
- Losses on disposal	(553)	(165)
B. Other assets	51	(48)
- Profits on disposal	102	32
- Losses on disposal	(51)	(80)
Net profit (loss)	**2,897**	**3,079**

Section 19 – Taxes on income from continuing operations: Item 270

19.1 TAXES ON INCOME FROM CONTINUING OPERATIONS: BREAKDOWN

Income components/Values	Total 31 Dec. 2023	Total 31 Dec. 2022
1. Current taxes (-)	(45,532)	(14,697)
2. Changes in current taxes for previous years (+/-)	-	-
3. Reduction in current taxes for the year (+)	3,654	740
3.bis Reduction in current taxes for the year for tax receivables pursuant to Law No. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(274,900)	(64,627)
5. Change in deferred tax liabilities (+/-)	17,968	62,102
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(298,810)**	**(16,482)**

19.2 RECONCILIATION OF THEORETICAL TAX LIABILITY ANS ACTUAL TAX LIABILITY RECOGNIZED

	31 Dec. 2023
Income before taxes from continuing operations	1,002,060
Profit from discontinued operations (before tax)	-
Theoretical taxable income	**1,002,060**

	31 Dec. 2023
Income taxes - Theoretical tax liability at the 27.5% ordinary rate	-275,566
- effect of expenses that are fully or partially non-deductible and income that is fully or partially non-taxable at 27.5% tax rate	30,430
Income tax – actual tax liability	**-245,136**
- effect of tax realignment under Articles 72/176 of It. Consolidated law on Income Taxes (for 2023 full release of the Creval PPA intangible)	**6,300**
- Effect of deduction and tax credits	**3,654**
IRAP - Theoretical tax liability at the 5.50% ordinary rate	-55,113
- effect of income/expenses that do not contribute to the taxable base	-112,766
- effect of other changes	104,251
IRAP - Actual tax liability	**-63,628**
Actual tax liability recognized	**-298,810**
Of which: actual tax liability on continuing operations	-298,810
Of which: actual tax liabilities on discontinued operations	-

Section 22 – Earnings per share

22.1 AVERAGE NUMBER OF ORDINARY SHARES OF DILUTED CAPITAL

This piece of information shall be given by Banks listed on regulated markets.

PART D – COMPREHENSIVE INCOME

BREAKDOWN STATEMENT OF COMPREHENSIVE INCOME

Items		31 Dec. 2023	31 Dec. 2022
10.	**Profit (Loss) for the period**	**703,250**	**552,879**
Other income components not reclassified to profit or loss		**(15,296)**	**22,434**
20.	Equity securities designated at fair value through other comprehensive income:	(9,734)	12,211
	a) Fair value change	(10,040)	(1,717)
	b) Transfers to other equity components	306	13,928
30.	Financial liabilities designated at fair value through profit or loss (changes in own credit rating):	-	-
	a) Fair value change	-	-
	b) Transfers to other equity components	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income:	-	-
	a) Fair value change (hedged item)	-	-
	a) Changes in fair value (hedging instrument)	-	-
50.	Property, Plant and Equipment	-	-
60.	Intangible assets	-	-
70.	Defined-benefit plans	(7,663)	20,898
80.	Non-current assets held for sale and discontinued operations	-	-
90.	Share of valuation reserves on equity investments measured using the equity method	-	-
100.	Income taxes for other income components not reclassified to profit or loss	2,101	(10,675)
Other income components reclassified to profit or loss		**10,887**	**(22,317)**
110.	Hedging of investments in foreign operations:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
120.	Foreign exchange differences:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	of which: gains (losses) on net positions	-	-
140.	Hedging instruments: (not designated elements):	-	-
	a) Value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	17,364	(34,514)
	a) Fair value changes	12,199	(24,793)
	b) reclassification to profit or loss	5,165	(9,721)
	- adjustments for credit risk	1,601	3,702
	- profit/losses on disposal	3,564	(13,423)
	c) other changes	-	-
160.	Non-current assets held for sale and discontinued operations:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
170.	Share of valuation reserve on equity investments measured with the equity method:	-	-
	a) Fair value changes	-	-
	b) reclassification to profit or loss	-	-
	- impairment losses	-	-
	- profit/losses on disposal	-	-
	c) other changes	-	-
180.	Income taxes for other income components reclassified to profit or loss	(6,477)	12,197
190.	**Total other comprehensive income**	**(4,409)**	**117**
200.	**Comprehensive income (10+190)**	**698,841**	**552,996**

PART E - INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

Section 1 – Credit Risk

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

The responsibilities for the lending operations of the Crédit Agricole Italia Banking Group are vested in the Group Chief Lending Officer., In compliance with the European Central Bank guidelines requiring that non-performing exposures (NPE) be managed by expert and dedicated units separate from those managing performing loans ,the Chief Lending Officer is directly responsible for the two management units (Credit Department and NPE Department) and for a unit engaged in strategic and coordination functions (Intelligence & Asset Disposal Department).

The Credit Department is responsible for lending activities regarding the Performing loan portfolio. This Department has the task of setting, in compliance with the corporate strategies and objectives, the lending policies directions and the guidelines on taking and managing credit risk, coordinating their implementation by the relevant structures of the Bank and of the Group.

This Credit Department has also the following responsibilities:

- To coordinate, fully respecting the independence of every Company of the Crédit Agricole Italia Banking Group, lending to ordinary Customers and to Customers entailing significant exposures.
- To set and oversee the implementation of the Crédit Agricole Italia Banking Group's strategies and guidelines pursuing effective control on the amount of position becoming non-performing and the related cost, by steering the lending chain structures of the Companies of the Group and of the Commercial Channels;
- To define and promote, consistently with the Group strategies and objectives, an appropriate harmonization of lending governance rules.
- To verify, through appropriate operating control mechanisms, compliance with the lending guidelines and policies within the Group, ensuring their quality and monitoring the allocation of loans in terms of sectors and sizes.

The NPE Department is responsible for managing all the exposures classified as non-performing, ensuring and coordinating the relationships with Crédit Agricole SA and the Supervisory Authorities in the NPE scope.

On the relevant Customer perimeter, it is responsible for ensuring management, recovery and/or out-of-court collection of non-performing exposures, in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the associated cost is kept under control.

It is responsible for Customers, single ones and/or by Economic Group, in accordance with the specific "Limits to Decision-Making Powers" and with the specific guidelines set out in the "NPE Regulation" and in the applicable legislation and internal normative instruments (specifically, the "Non performing exposure – Stage3" Policy).

The NPE Department is engaged in the following tasks:

- Coordinating the relations with the Group as regards NPEs, as well as managing the preparation of all NPE-related documentation and reporting to the Supervisory Authorities;
- Arranging for, in cooperation with the Risk Management and Permanent Controls Department, the design and update of the NPE impairment policy, ensuring the use of harmonized models for lending processes and tools to manage NPEs;
- Ensuring, consistently with the Group's strategies and objectives and through the structures reporting to this Division on a solid line, the appropriate harmonization of Models, tools and rules for Loan Management, as regards the positions within the Non-Performing Loans management process;

- Setting, steering and verifying the implementation of the Guidelines on the management, recovery and/or out-of-court/in-court collection of exposures classified as "NPEs" within its scope of responsibility.

The Intelligence and Asset Disposal Department is vested with a dual role as it is engaged in both strategic and operational aspects that cover the loan entire life cycle. Its main mission is to keep a full-range view and oversight on all lending activities, ensuring constant monitoring and implementation of the appropriate actions plans, also with a forestalling approach.

As to the main strategic aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:
- Designing and developing the Group Policies on Performing Loans, in order to ensure their constant evolution, also keeping pace with technological innovations and regulatory requirements;
- Defining the NPE strategy and its evolution at the Group level and the NPE writing down policies;
- Analyzing and developing alternative strategies for the disposal and monetization of the properties pledged as collateral.

As to the main operational aspects, the Intelligence and Asset Disposal Department is engaged in the following tasks:
- Governing the whole set of information on loans, in order to set the management direction through data interpretation;
- Driving the evolution of processes in order to pursue the corporate objectives and to ensure regulatory compliance, by managing the main lending-related projects and applications;
- Governing credit risk mitigation and real estate surveillance processes;
- Managing and coordinating the external firms collection services are outsourced from.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 ORGANIZATIONAL ASPECTS

In 2023, the Crédit Agricole Italia Banking Group completed a profound organizational change of its lending structures, aligning its model to the market best practices and ensuring full compliance with the EBA guidelines on loan origination and monitoring of 29 May 2020, which emphasize that the performing and non-performing loans management chains be separated.

As described in the previous paragraphs, the adopted model went live with the relevant resolution passed by the Board of Directors of the Parent Company on 4 December 2020, which approved the Chief Lending Office (CLO) role as the central lending governance unit directly coordinating:
- The NPE Department, consisting of the UTP and Past Due Management Divisions, Bad Loans and Servicers Division and of the NPE Legal and Support Division;
- The Credit Department, which still comprises the Lending Division and the Watch-list Exposures Management Division.

Later, the model was fine-tuned with the resolutions passed by the Board of Directors of the Parent Company on 28 April 2021 and 27 May 2021, whereby the Intelligence and Asset Disposal Department was set up, reporting directly to the CLO,, which now comprises the Portfolio Management and External Collection Governance Division, the Credit Intelligence and Lending Policies Division and the Real Estate Remarketing Service.

Having regard to the non-performing loans chain, over the last two years the Bank completed a revision of its structures, tools and organizational processes. It is specifically pointed out that:

a) The NPE Department is responsible for the management and collection of all non-performing loans (Past due, UTP and Bad loans);

b) A new organizational and operational model was defined for the management of non-performing loans, which provides for:
   - In-house management by specialist structures of the most material positions, broken down into clusters and geographical hubs, in order to ensure closer control on risks;

- The outsourcing from specialist servicers of the management of positions entailing lower amounts having regard to granular loans classified as UTP (unsecured loans < Euro 50k), bad loans (unsecured and mortgage loans < Euro 500k) and lastly residential mortgage loans (classified both as UTP and bad loans < Euro 500k).

The NPE Department comprises all the structures engaged in the management of non-performing loans. Specifically:

The UTP and Past Due Management Division, vested with the scopes of responsibility listed below:

- Ensuring management, recovery and/or out-of-court collection of non-performing exposures (except bad loans), in close contact and cooperation with the Network of Crédit Agricole Italia for prompt and effective action to prevent loan impairment, so that the relevant cost is kept under control.
- Assessing the customers in its scope and providing the single Banks' Loan Committees, the extended Loan Committee of Crédit Agricole Leasing Italia and the Loan Committee of Crédit Agricole Italia with its opinion on loan origination proposals submitted by the Structures reporting to it on a dotted line, in order to ensure that loan origination is consistent with the Group's strategic directions and to coordinate activities regarding key accounts.

On the other hand, the *Bad Loans* and *Servicers* Management Division is mainly responsible for the management, performance and credit quality of loans to Customers of Crédit Agricole Italia and of Crédit Agricole Leasing Italia classified as bad and, therefore, it is responsible for the following scopes:

- Steering the management of these exposures, providing the guidelines on the activities to be carried out by the structures reporting to it, and for ensuring coordination and operational efficiency;
- Overseeing the specific activities carried out by the structures reporting to it, and for determining, where the case, the technical-legal solutions to be implemented;
- Verifying and controlling that the structures reporting to it properly carry out the relevant activities, and for setting the specific benchmarks;
- Ensuring and coordinating that the relevant structures are constantly on top of any developments in the legislation and case law applying to the matters under their responsibility;
- Providing the Structure the Division directly reports to and the Top Officers with adequate reporting and regular briefs on the activities of the Division;
- Overseeing proper management of the Division, training of its staff and of the staff of the structures reporting to it;
- Ensuring control on the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The NPE Legal and Support Division is responsible for:

- Giving legal advice and support in the management of exposures classified as Past Due and UTP in the NPE Department's scope of responsibility;
- Giving legal support in "single name" or "bulk" loan disposals;
- Managing litigation cases in which the Group is the defendant concerning:
  (i) Positions classified as Past Due and UTP; and
  (ii) Exposures previously disposed of.
- Managing post sale on positions disposed of (compensation claims, requests for documents);
- Monitoring the case law and jurisprudence relevant for its scope of responsibility and concerning watch-list and non-performing exposures, in order to support constant compliance with the applicable legislation and regulations;
- Managing cost of credit activities, carrying out analyses and reporting to the management, first-level controls on the NPE portfolio through the NPE Support Service.

As regards the Performing Loans management chain, the related activities are assigned to and carried out by the different dedicated structures of the Parent Company and of the investee Banks and Companies, which report to the Credit Department and did not undergo any material alteration within the organizational change approved in 2021. On the other hand, it is pointed out that in 2020,some organizational change actions resolved and were completed in 2021; said actions specifically consist in eliminating the Credit Advisory Division, with concomitant assignment of its responsibilities to the Loan Authorization Division, as regards authorization and origination of performing loans, and to the Watch-list Exposures Management Division, as regards watch-list exposures. Said actions pursued the following objectives:

- Further streamlining of the levels of decision-making bodies, with clearer assignment of their respective responsibilities for performing loans and watch-list exposures;
- Higher specialization in assessing Customers' risk profiles, with the decision-making structure designed to be fully consistent with Customer business segmentation;
- Rationalization of decision-making powers, different in accordance with the Commercial Channels and Customer segments, implementing the new "weighted authorized amount", resulting form the application to the nominal authorized amount of a set of weighting coefficients reflecting the counterparty's specific riskiness, the sector attractiveness and the structure and nature of the credit lines.

Subsequent to the organizational action, the Credit Department of Crédit Agricole Italia comprises three Divisions:

- The Loan Authorization Division, responsible for the performance and credit quality of Performing loans to Customers with no material non-performing signs (performing loans) and comprises Loan Authorization Services, each one of which specializes in assessing the loan proposals made by one of the Commercial channels (Corporate Banking, Private Banking, Retail Banking Small Business, Retail Banking Individuals and Financial Advisors) or specific "production chains" requiring specific skills in risk assessment, especially as regards the Real Estate and Hotel sector;
- The Watch-list Exposures Management Division, responsible for the performance and credit quality of watch-list exposures, meaning loans that show early warning, as per the adopted early-warning indicators, in order to pursue full recovery of the position and/or to design risk mitigation solutions and/or, where these activities do not prove sufficient, for classifying said loans in the non-performing perimeter.

2.2 MANAGEMENT, MEASUREMENT AND CONTROL

Lending policies and strategies

The Lending policies lay down the standards and directions for the Banking Group as a whole, which the Distribution Network and the Decision-making Bodies shall comply with in making lending proposals and decisions. Lending policies are structured in order to foster balanced growth with the worthiest Customers and to recover exposures to the riskiest ones. The Lending Policies are regularly updated consistently with the developments in the economic, financial and market scenarios; they also implement the guidelines set within the Risk Strategy, which is agreed on every year with the Parent Company Crédit Agricole S.A., with specific regard to risk concentration limits and to the limits set for specific types of transactions.

In 2023, the Bank's Lending Policies were modified in order to implement the latest technological developments able to considerably improving lending processes, with advantages both for the Bank, thanks to the improvement in the assessment process within the origination of loans to worthy Customers, and for Customers, thanks to shorter processing time and the streamlining of the decision-making process.

The Lending Policies have been upgraded in order to make use of important innovations, including the elements coming from the new decision-making systems, which are supported by automatic processes. The new automated credit ratings, calculated with algorithms able to navigate and reprocess the mass of performance and quantitative data already available in the Bank's information system, can be classified into two different categories:

- Automated decision-making systems, whose credit rating process does not include any human involvement.
- Semi-automatic decision-making systems, whose credit rating process includes but modest or limited human involvement.

The fine-tuning of the Lending processes was possible thanks especially to the go-live of the "transactional Score" new rating element: this indicator was developed in synergy with the Credit Intelligence and Asset Disposal Department and the Risk Management and Permanent Controls Department, through Artificial Intelligence techniques, and is a credit risk assessment based on Retail customers' current account data.

As it provides for the possibility of classification as defaulted, the Transactional Score enables to select and enter the counterparties that have better quality in terms of credit risk in the automated or semi-automated processes.

In 2024 the Transactional Score is going to be implemented in several processes, specifically in the new Performance Monitoring Indicator (IMA) and in the calculation of the Weighted Authorized Amount in order to more precisely steer the decision-making procedures.

Lending processes

Making reference to the previous paragraph, the processes listed below are part of the Automated Decision-making Systems:

- "Digital Lending with Automated Decision-Making", which gives the possibility to Customers that are Small Businesses and Piccoli Operatori Economici (POE, non-structured enterprises featuring operational flexibility but financial rigidity) to obtain a short-term loan directly from their home banking, with the credit rating calculated digitally: a specific algorithm applies the lending policies designed to this end, determines the possibility of loan origination and puts on record the loan authorization as decided by an automated decision-making body.
- "Fast Credit Card issuing procedure", which, after specific parameters are verified by and algorithm, gives the possibility of issuing credit cards to customers that are natural persons and fall in the Individuals Retail segment, with no human involvement. This solution is counterbalanced by yet another automated mechanism that cancels the payment tools if some specific risk parameters are breached.
- Automatic renewal of Revocable Credit Lines, on Retail Customers, which extends the term of the revocable credit lines of those Customers that, based on a specific selection algorithm, have a very high credit rating and, consequently, immaterial credit risk. Unlike the process previously in force, which required manual confirmation by the Account Manager of the credit lines to renewed, the new procedure has been fully automated, while maintaining the possibility for the Account Managers to step in at their discretion .

On the other hand, Semi-Automatic Decision-Making Systems include the "Preauthorized Rolling Credit Lines" campaigns, which went live in 2022 and 2023, which precisely identify a selected perimeter of Customers (both from the Retail Small Business and the Corporate Banking segments) on which a specific algorithm identifies a preauthorized loan limit on a monthly basis.

These processes also require some manual operation, albeit limited, by the Account Manager, after further precise verifications, getting in touch with the selected Customers to agree on the most appropriate methods whereby the pre-approved amount, which are then made operational with the help of Lending applications.

Development, management and updating of Models – Roles and responsibilities

The process for the development, management and updating of the models, consistently with the guidelines issued by Crédit Agricole S.A., consists in the activities and procedures aimed at defining, at the initial stage, or at later updating the rating models that apply to loan exposures, that is to say, statistical models that have been designed to support credit assessment and to allow the capital requirements to be calculated in terms of risks of unexpected losses for the Crédit Agricole Italia Banking Group.

The models for the measurement of risk parameters aim at achieving – for both reporting and management purposes - risk measures that are:

- Fit to grasp the key elements at the basis of assessment of the creditworthiness of the parties with whom the Group has or intends to assume loan exposures;
- Relatively stable over time over time in order to reflect at all times and in every Customer segment, long-term riskiness (measured by the rate of default) of the Group's exposures, both present and potential;
- Fit to prevent uncontrolled growth of risk in the positive cycle phases and – as a reaction – indiscriminate crunch in lending in negative phases (reverse cycle).

The function responsible for the development, management and updating of the models is the RAF, Models and Reporting Division, which is part of the Risk Management and Permanent Controls Department.

Specifically, the RAF, Models and Reporting Division is responsible for the development of internal rating models and of the LGD model, for the Crédit Agricole Italia Banking Group as a whole, ensuring compliance with the regulatory requirements provided for by the National and European Regulators, with the guidelines issued by the French Parent Company and constant alignment to the international best practices. Moreover, this Division is responsible for producing documentation on the structuring and operating details of the adopted models, especially of the rating system, formalizing the features and methods adopted, as well as any alterations in the components and overall structure of the model, setting forth the reasons for such alterations.

Since 2014, the Model Development Function has applied a Model Development Policy, which was approved by the Board of Directors of the Parent Company and adopted by the Boards of Directors of the other Banks in the Group in that year and then updated in 2017.

As approved by the Parent Company's Board of Directors in July 2020 and the following supplement approved in March 2021, the policy was revised and new version provides for three different documents:

- The "Regulation governing the process for the development, monitoring, revision and decommissioning of the internal rating systems" of the Crédit Agricole Italia Banking Group;
- The "Methodological Guidelines for Model Development and Monitoring" manual;
- The "Margins of Conservatism in AIRB models" manual.

The first document listed above formalizes the process implemented to develop, monitor, revise and decommission internal rating systems, setting out the process steps, the Organizational Units involved and their respective responsibilities. It also sets out the process for reporting to the Supervisory Authorities on any changes made to the internal rating systems or to their application scope.

The second document listed above formalizes the guidelines for the development and monitoring of the risk measurement systems for which the Model Development Service is exclusively responsible and shall be complied with by all the entities of the Crédit Agricole Italia Banking Group. Specifically, it exhaustively describes the process to develop Pillar 1 regulatory statistical models (PD, LGD, EAD) as they are used to calculate the Bank's capital requirements.

The third document listed above describes the process to identify, assess, monitor and formalize evidence of the Margins of Conservatism (MoC) to be used in case of estimate uncertainty in the modeling process.

Furthermore, all the internal models used by the Crédit Agricole Italia Group are submitted to the "Comité Normes et Modeles" of the Parent Company Crédit Agricole S.A. for approval, after being validated in-house by the Validation des Modèles Internes Structure of Crédit Agricole S.A. (Along with the Validation Service of CA Italia).

Within its activities for the monitoring and maintenance of the existing models, in 2023 the Model Development Service worked on the main initiatives listed below:

- The go-live of the internal models for the Retail segment, within the Material Model Change process for the Retail segment, which started with the filing of the Application Package with the ECB in June 2020 and ended with the validation given by the Supervisory Authority in 2022.

Said activities also included the assessment of the impacts generated by the new models on corporate processes and systems, planning, in agreement with the owners of the impacted procedures, targeted analyses and the deployment of the identified actions:

- The calculation, on a quarterly basis, of IFRS 9 collective impairment, using methods and models that have been developed in close coordination with the Parent Company Crédit Agricole S.A. and that cover the recent macroeconomic development scenarios.
- The activities for the implementation of the Return to Compliance Plan, which was sent to the ECB on 30 November 2021 and was intended to give the Supervisory Authority the representation of an appropriate strategy for the inclusion of the former Creval portfolio in the models for the measurement of Pillar 1 credit risk. Those activities comprised the start of several project streams for the review/recalibration of the models in force in order to prepare an Application Package that was submitted to the Supervisory Authority in July 2023 for the extension of the use of the Crédit Agricole Italia Banking Group's models to the former-Creval portfolio;

- Continuation of the activities to re-estimate the early-warning model, adding estimate methodologies based on machine learning techniques and enrichment of the model's estimate information set (e.g. transaction data), for more effective and timely risk monitoring.

In 2024, the main projects will concern:
- An Internal Models' Investigation (IMI) concerning the review of the AIRB for Retail Customers and the first validation of advanced approaches for the Corporate Banking segment. These activities were part of the estimate updating process on the former-Creval portfolio;
- The internal stress test exercises in accordance with the Stress Testing Policy that will be submitted to the Board of Directors in early 2024;
- The EBA "Fit-for-55" climate stress test coordinated by the ECB and aimed at top-down measurement of the impact of climate-environmental scenario on the Crédit Agricole S.A. Group's portfolio;
- The completion of the project for the revision of the early warning model started in 2022.

Cost of credit

The Crédit Agricole Italia Banking Group has kept and enhanced its systematic control on the developments in the quality of the Loans-to-Customers Portfolio; specifically, it has intensified the monitoring on loan positions and has made it even more selective, in order to ensure constant adequacy of recovery expectations in accordance with any changes affecting its counterparties.

In 2023 the cost of risk remained at figures consistent with both default rates and the natural deterioration in non-performing loans. Moreover, thanks to the considerable activity carried out by the operating structure, significant results could be achieved in the recovery of non-performing exposures recognized as at the end of 2022, thus ensuring an important increase in the overall coverage ratios.

The process to define, manage and monitor the cost of credit is owned by the NPE Department, which ensures its overall consistency and all he controls within the wider scope of the strategy for the management of Non-performing Loans.

Said process comprises all steps in the cost of credit management, from setting strategic objectives in the NPE Strategy to verifying actuals, with the involvement of all relevant structures and with periodic reporting to the NPE Committee.

The Intelligence and Asset Disposal Department, through the Portfolio Management Service, is responsible for progressive updating of the KPIs set out in the NPE Strategy and for reporting also to the NPE Committee (in order to define strategies, target KPIs and the related monitoring).

Stress test

The credit risk monitoring strategy pursued in 2023 was fully consistent with that pursued in the previous year. The related controls were performed on all channels, focusing on the Corporate Banking Channel (Small and Midsize EnterpriseS (SMEs) Mid and Large Corporate) and on the Retail channel (Small Business and Individuals segments), as well as on Crédit Agricole Leasing Italia.

Moreover, in order to define a reference framework for Stress Test exercises on the different risk scope consistently with the guidelines issued by the Parent Company Crédit Agricole S.A., since 2017 the Crédit Agricole Italia Banking Group has been implementing a specific policy (the Stress Test Policy), which was approved by the Board of Directors of Crédit Agricole Italia and then adopted by all the Companies of the Group. The Stress Test policy is updated and submitted to the Board of Directors for its validation on a yearly basis.

The Policy lays down the quantitative and qualitative techniques with which the Group assesses its vulnerability to exceptional but plausible events; they consist in measuring the impacts on profit or loss, on its financial position and on regulatory aspects generated by specific events (sensitivity analysis) or by combined changes in a set of economic and financial variables in adverse scenarios (scenario analysis). The policy lays down the stress test reference framework of the Crédit Agricole Italia Banking Group, as required by the new regulations issued by the Supervisory Authority and defines the set of stress test exercises to be carried out in the year.

In 2023, the Group stress testing exercises were:

- The regulatory stress testing exercise, contributing to the consolidated calculation made by the Parent Company Crédit Agricole S.A. The stress test was carried out in order to assess the Group's vulnerabilities to adverse macroeconomic scenarios;
- The budget and on the MTP (Budgétaire) stress test exercise, which was carried out using the macroeconomic scenarios given by the Parent Company Crédit Agricole S.A in the period September-November 2023. This exercise, which operated across the various corporate divisions engaged in risk measurement and management, allowed a prospective analysis of the impact on the Income Statement main items (including the cost of credit) and on risk-weighted assets.

In the stress testing exercises, the estimated effects of the economic cycle on the PD allow future developments in Risk Weighted Assets and Expected Loss to be calculated by aggregation level, with the possibility to simulate and calculate separately the impacts in terms of changes in volumes, changes in the capital requirement for operational risk and increase in risk. Moreover, the outcomes of the stress test exercises are taken into account within the definition and management of the Risk Appetite Framework.

Within the Internal Capital Adequacy Assessment Process (ICAAP), the Pillar II requirements were calculated in accordance with the methods defined by the Parent Company Crédit Agricole s.a., which, as regard credit risk on the Retail portfolio, provide for the calculation of RWAs and capital requirements using point-in-time risk parameters consistently with the IFRS9 framework deployed to calculate impairment on performing loans.

2.3 METHODS TO MEASURE EXPECTED LOSSES

ECL governance and measurement

The Risk Management and Permanent Controls Department is responsible for defining the methodological framework and for overseeing the process for ECL-related impairment of exposures and provisioning. The calculation of impairment of performing assets is part of the overall cost of credit process, which is coordinated by the Portfolio Management and External Collection Division.

To define the IFRS 9 parameters required to calculate ECL, the Crédit Agricole Italia Banking Group has primarily relied on its internal rating system and on the other regulatory processes already implemented.

The assessment of credit risk is based on an expected loss model and extrapolation based on reasonable future scenarios. All information that is available, pertinent, reasonable and justifiable, including forward-looking information, shall be taken into account.

Therefore, in compliance with the requirements laid down by the standard, in order to estimate parameters, a set of forward-looking scenarios is used, each one of which is weighted by the related probability of occurrence. In agreement with its Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group uses four different macroeconomic scenarios: Said scenarios can be summarized as follows:

- Central scenario, i.e. the most likely scenario;
- Moderately adverse scenario, i.e. the economic scenario in moderately adverse conditions;
- Budget stress scenario, i.e. the most adverse scenario used within the Stress exercise at the end of the budget preparation;
- Favourable scenario, i.e. the economic scenario in favourable conditions.

The weights to be assigned to the four scenarios - which may vary at each new estimation of the parameters - are defined by the Crédit Agricole Group (Group Economic Research Department of CAsa) and shared with the local management

The Crédit Agricole Banking Group updates the estimate of the parameters at least every year. The ECL calculation formula comprises the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD;
- Exposure At Default (EAD).

As already pointed out, these parameters have also been defined broadly based on the internal models used as part of the regulatory framework (where any), although they had to be adjusted in order to determine an ECL fully compliant with IFRS 9. Indeed, the standard requires a Point-in-Time analysis as at the reporting date, while taking account of the historical loss data and forward-looking macroeconomic data. Therefore, based on the above, the accounting approach is different from the prudential framework, where analyses are multiyear and Through the Cycle to estimate the Probability of Default (PD); moreover, such analyses shall include the Downturn in the estimate of the Loss Given Default (LGD), whereas this effect is not envisaged in the IFRS 9 LGD.

ECLs are calculated according to the type of product concerned, i.e. financial instruments or off-balance sheet instruments. Expected credit losses are discounted at the effective interest rate (EIR) used for the initial recognition of the financial instrument. The models and parameters used are backtested at least annually by the Risk Management and Permanent Controls Department.

Significant increase in credit risk

For each financial instrument, the Crédit Agricole Italia Banking Group assesses any increase in credit risk from origination to every reporting date. Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

Monitoring for any significant increase in credit risk shall cover every financial instrument, unless specific exceptions apply. Contagion is not required for the downgrading of financial instruments of the same counterparty from stage 1 to stage 2.

Monitoring for any significant increase in credit risk shall consider the change in credit risk of the principal debtor without taking account of any guarantee, including for transactions with a shareholder guarantee.

For each exposure, any increase in credit risk is assessed through (relative or absolute) quantitative criteria and qualitative criteria.

Relative Criteria: some thresholds (SICR) have been set which measure the change in the PD as at the inception date and as at each reference date.

Based on this assessment of changes in credit risk, exposures are classified into the different risk stages.

The change in the PD is calculated as $PD_{rep} > alpha + beta_i * PD_{orig}$ where:

- PD_{orig} are the PD measure at the business relationship inception, date of first recording;
- PD_{rep} are the PD as at the calculation cut-off date;
- ***i*** is the type of portfolio (for example, Mortgage loans on real estate properties, revolving, Large Corporate, SMEs);
- ***alfa*** is a fixed parameter that identifies a perimeter exempted from the application of the SICR thresholds;
- ***beta*** are parameters estimated on Crédit Agricole Italia's portfolio.

Portfolio		ALPHA	BETA
Large Corporate		0.30	2.40
Small Medium Enterprises		0.30	1.30
Retail Bnkg	Individuals with real estate collaterals	0.30	2.30
	Small Enterprises and Sole Traders	0.30	3.00
	Other exposures to individuals	0.30	3.00

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. It is also pointed out that compliance is verified with the *threefold PD* i.e. in case the PD_{rep} is higher by at least 3 times the PD_{orig}, except in cases where $PD_{rep} < 0.3\%$, the exposure is automatically moved to stage 2.

Other criteria: 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:

- The breach of the PD thresholds, which, for Crédit Agricole Italia, are set at 12% for the non-Retail 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;
- Classification in the watchlist in accordance with the Early Warning internal indicator (IMA – Performance Monitoring Indicator) in at least three calculations in the four months before the reference date;
- The selection of portfolio potions that are considered high risk following specific probes carried out by the Risk Management and Permanent Controls Department, such as:
  - Sub-Investment Grade ratings close to the perimeter of Sensitive Loans;
  - Floating-rate mortgage loan contracts, which, subsequent to the increases in the ECB key interest rates, have high instalment/income ratios with a Sub-Investment Grade rating.

Qualitative Criteria: lastly, downgrading to stage 2 may occur for single-name positions reported by the Chief Legal Officer (CLO) and validated by the Risk Management and Permanent Controls Department.

If the conditions that triggered downgrading to stage 2 no longer apply, impairment may be reduced to 12-month ECL (stage 1).

For security portfolios, the Crédit Agricole Italia Banking Group uses an approach that consists in applying an absolute level of credit risk, in accordance with IFRS 9, at the breaching of which exposures shall be classified in stage 2 and provisioned for based on ECL at maturity. Therefore, the following rules shall apply for monitoring significant increase in the credit risk of securities:

- "Investment Grade" (IG) securities, at the reporting date, shall be classified in stage 1 and provisioned for based on 12-month ECL;
- "Non-Investment Grade" (NIG) securities, at the reporting date, shall be subject to monitoring for significant increase in credit risk, since origination, and shall be classified in Stage 2 (lifetime ECL) where any significant increase in credit risk is found.

The related increase in credit risk shall be assessed prior to the occurrence of a known default (Stage 3).

Multi-scenario calculation

To estimate the parameters used in calculating the forward-looking scenarios at the 31 December 2023 reporting date, the weights set by the Parent Company Crédit Agricole S.A. were the following:

- Central scenario, 55%;
- Moderately adverse scenario, 30%;
- Stressed budget scenario, 10%;
- Favourable scenario, 5%.

In compliance with IFRS 9, the ECL is estimated weighting forward-looking scenarios; therefore, the various scenarios were weighted by their probability of occurrence, as given above.

The main macroeconomic indicators used to define the scenarios were prepared by the ECO structure of the Parent Company Crédit Agricole S.A. specializing in macroeconomic studies.

Indicators used as at 31 December 2023

Indicators used as at 31 December 2023	Central				Moderately adverse				Stress *Budgétaire*				Favorable			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
ITA GDP	0.7%	0.6%	1.2%	0.9%	0.7%	-0.3%	0.6%	1.2%	1.2%	-1.2%	-0.8%	0.7%	0.7%	1.0%	1.2%	0.9%
ZE GDP	0.5%	0.9%	1.3%	1.0%	0.5%	0.0%	0.8%	1.3%	0.6%	-1.6%	-1.3%	0.9%	0.5%	1.3%	1.7%	1.4%
Inflation in Italy	6.0%	2.7%	2.2%	2.1%	6.3%	4.0%	2.2%	2.1%	6.3%	6.4%	5.4%	3.8%	6.0%	2.8%	2.2%	2.1%
Investments in Buildings	-2.4%	-0.3%	2.0%	1.9%	-2.5%	-3.2%	0.6%	2.2%	1.5%	-0.4%	0.8%	1.5%	-2.4%	-0.3%	2.0%	1.9%
Investments in machinery	2.1%	-1.6%	1.6%	1.6%	2.1%	-3.4%	-0.4%	2.6%	3.9%	-2.0%	-1.4%	0.9%	2.1%	0.6%	2.2%	1.6%
Fixed investments	0.8%	-0.2%	2.0%	1.9%	0.7%	-2.3%	0.6%	2.4%	2.9%	-0.5%	0.1%	1.3%	0.8%	0.5%	2.1%	1.9%
Unemployment rate	7.8%	8.0%	8.0%	7.9%	7.8%	8.0%	8.2%	7.9%	8.0%	9.3%	9.4%	9.4%	7.8%	7.9%	7.9%	7.8%
Domestic demand	1.1%	1.0%	0.8%	0.7%	1.0%	0.1%	0.5%	0.9%	1.0%	-1.7%	-0.9%	0.6%	1.1%	0.8%	0.7%	0.7%
World oil demand	2.2%	1.0%	0.8%	0.8%	2.2%	0.0%	0.3%	0.3%	2.2%	-1.0%	0.0%	1.0%	2.2%	1.1%	0.9%	0.9%
Work productivity	3.3%	0.8%	0.6%	1.1%	3.3%	0.9%	-0.2%	1.2%	2.7%	4.2%	4.7%	0.1%	3.3%	0.9%	0.9%	0.9%
Industrial Production Index (IPI)	-2.7%	1.0%	3.0%	2.2%	-2.7%	-0.4%	3.2%	2.9%	-0.8%	0.2%	-0.8%	2.4%	-2.7%	1.6%	3.3%	2.0%
Propensity to consume	1.9%	-0.7%	-0.7%	-0.4%	2.0%	-0.8%	-1.3%	-0.2%	2.4%	-2.9%	-1.5%	0.7%	1.9%	-1.1%	-0.8%	-0.4%
Weight	**55%**				**30%**				**10%**				**5%**			

The main underlying assumptions are:

- Central scenario: thanks to the stable performance of the labour market and to savings that are still considerable, albeit decreasing, household consumption absorbed the slowdown in purchasing power and the monetary tightening better than expected, with an effect on growth, which kept a steadier pace than expected. The scenario assumes a slow decrease in inflation, easing pressure on income and bringing about the end in interest rate increases.
- Moderately adverse scenario: new inflationary pressure in 2024 driven by an increase in oil prices. Decline in household purchasing power and private consumption: lower expenses for leisure, more selective consumption. The surplus savings accumulated during the Covid crisis have reduced and no longer work as a buffer in this new crisis. Increase in production costs for businesses, especially in the manufacturing sector, already heavily hit by the previous gas and energy crisis. Fragile profitability after the shocks occurred in the last few years (Covid, difficulties in procurement, hikes in energy bills) and decline in investments. Slight increase in the unemployment rate. The measures for budget support to businesses and households are by now negligible, given the very high government debt in the Euro Area and the increase in the cost of debt. There are even more material hikes in interest rates to fight inflation.
- Stress scenario: stalemate in the Russia-Ukraine war and new inflationary shock. Strong increases in oil and gas prices due to the worsening in climate conditions (very cold winter in Europe in 2024, very hot summer in Asia and in Europe in 2024) and in the competition between Europe and Asia in the rush to Liquefied Natural Gas. Inflation increases in the Euro Area: the 2024 average up by about 2 percentage points vs. 2023. With such a spike in inflation, support measures are very limited after years of extremely accommodative measures for households and businesses, in order to limit the worsening in public finances. For businesses: strong increase in production costs, decline in demand, severe worsening in borrowing costs; for households: the inflationary shock causes strong decline in purchasing power, the budgetary measures prove unable to mitigate the shock, deterioration in the labour market, small wage increase vs. inflation.

- Favorable scenario: improvement in China's economic growth and, by extension, in Asia's one, which would stimulate economic activity in Europe and in the US through an improvement in trade, with consequent improvement also in world trade. Fewer businesses failing and lower unemployment than in the central scenario. In Europe, the slowdown in economic growth is less marked than in the central scenario. Thanks to this "new momentum" growth in the Euro Area could go up by about 0.5 GDP points in 2024.

The economic scenarios used in the 2023 Half-year Report and in the 2022 Annual Report are also given, in order to represent the main changes occurred vs. the multi-scenario used in Q4 2023.

Indicators used as at 30 June 2023

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

Indicators used as at 31 December 2022

Indicators used as at 31 December 2022	Central				Moderately adverse				Stress *Budgétaire*				Favorable			
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
ITA GDP	3.4%	0.2%	0.9%	1.0%	3.4%	-0.6%	1.1%	1.2%	2.5%	-1.4%	1.6%	1.9%	3.4%	0.9%	1.4%	1.2%
ZE GDP	3.3%	0.4%	1.2%	1.5%	3.3%	0.7%	1.1%	1.2%	2.5%	-1.5%	1.7%	1.6%	3.3%	0.6%	1.6%	1.6%
Inflation in Italy	8.1%	6.6%	3.8%	3.3%	8.1%	8.6%	4.7%	3.8%	7.8%	8.8%	3.4%	1.9%	8.1%	5.6%	2.8%	2.1%
Investments in Buildings	13.6%	3.7%	2.3%	1.9%	13.6%	3.0%	1.5%	1.6%	13.9%	-0.2%	2.4%	4.4%	13.6%	3.4%	2.3%	2.5%
Investments in machinery	9.7%	3.2%	2.3%	2.0%	9.7%	2.6%	1.5%	1.4%	9.3%	-2.1%	3.6%	4.6%	9.7%	2.9%	2.7%	2.7%
Fixed investments	10.4%	3.3%	2.3%	2.0%	10.4%	2.8%	1.6%	1.7%	10.2%	-0.4%	3.1%	4.4%	10.4%	3.1%	2.4%	2.5%
Unemployment rate	8.9%	9.8%	9.7%	9.4%	8.9%	9.1%	8.7%	8.5%	9.2%	10.6%	11.2%	10.1%	8.9%	8.9%	8.5%	8.3%
Domestic demand	2.7%	0.2%	0.8%	69.2%	2.7%	-0.5%	0.9%	1.1%	1.0%	-0.8%	1.7%	1.5%	2.7%	0.5%	0.9%	0.9%
World oil demand	2.4%	0.8%	-0.2%	0.2%	1.9%	-0.3%	0.0%	0.5%	1.9%	-1.5%	0.3%	0.9%	2.4%	1.0%	0.5%	0.5%
Work productivity	3.6%	0.0%	0.2%	9.9%	3.6%	-0.1%	0.1%	0.5%	1.9%	-1.0%	1.5%	1.0%	3.6%	0.4%	0.2%	0.5%
Industrial Production Index (IPI)	0.4%	0.2%	1.9%	1.5%	0.4%	-0.7%	1.3%	1.7%	0.5%	-1.9%	2.1%	2.4%	0.4%	0.9%	1.1%	1.9%
Propensity to consume	-0.5%	-3.3%	-0.7%	-1.3%	-0.5%	-5.4%	-1.2%	-1.7%	6.7%	1.0%	3.0%	0.7%	-0.5%	0.1%	-2.8%	-1.4%
Weight	50%				35%				10%				5%			

Scenario sensitivity analysis

Within the revision of the parameters used for the IFRS 9 calculation of the Q4 2023 figures, the Crédit Agricole Italia Banking Group estimated the sensitivity of the ECL figure to the different macroeconomic scenarios given by the Crédit Agricole Group Economic Research Department - ECO, which is a specialist in macroeconomic studies.

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

Sensitivity was estimated on the September 2023 processing (data as at August 2023) in a lab environment and later applied to December 2023 closing data. The application of the observed variations to the December 2023 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.

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 408 million in the *Favorable* scenario (down by -9.6%) to Euro 518 million in the *Stress budgétaire* scenario used for budget simulations in stressed conditions (up by 14.9%). The recognized amount of Euro 451 million reflects the weights on the *Central* and *Moderately Adverse* scenarios.

€/mln	Exposure	EAD	ECL Multi-scenario	Sensitivity analysis: ECL per single scenario			
				Central	Moderately adverse	Stressed budget	Favorable
RETAIL BNKG	**42,957**	**41,102**	**279**	**261**	**287**	**338**	**257**
Stage 1	38,246	36,444	54	51	56	61	50
Stage 2	4,711	4,658	225	209	231	282	206
CORPORATE BNKG	**51,507**	**31,697**	**159**	**153**	**168**	**167**	**145**
Stage 1	45,409	27,779	32	31	34	34	28
Stage 2	6,099	3,918	128	123	133	133	119
SECURITIES	**8,983**	**8,983**	**13**	**12**	**15**	**15**	**7**
Stage 1	8,463	8,463	13	12	15	15	7
Stage 2	521	521	0	0	0	0	0
TOTAL	**103,448**	**81,782**	**451**	**426**	**471**	**518**	**408**
Deviation				**-5.4%**	**4.3%**	**14.9%**	**-9.6%**
Weight				**55%**	**30%**	**10%**	**5%**

Q4 2023 changes

In terms of methods and approaches, the actions deployed in Q4 concerned:

- The updating of the forward-looking parameters after receiving the new macroeconomic scenarios from the Economic Studies Department of Crédit Agricole S.A. (ECO), which were an improvement vs. those in production up to Q3 2023;
- Both for Crédit Agricole Italia and for Crédit Agricole Leasing Italia the updating of the SICR thresholds calculated with the approach set by Crédit Agricole S.A;
- The downgrading from stage 1 to stage 2 of pre-sensitive Customers, i.e. Retail Customers with ratings I07 and P07 and Corporate banking Customers with ratings D and D-;
- Both for Crédit Agricole Italia and for Crédit Agricole Leasing Italia implementation of a new reason for downgrading in order for the contracts whose PD as at the date is higher by three times than the PD at inception to be downgraded to stage 2, except for Customers with very deserving PD, i.e. with PD as at the date below 0.3%;
- Increase in the sector add-on from 30 million Euros to 50 million Euros. Moreover, the real estate sector has been included in the list of those sectors;
- Implementation of a prudential add-on for the Individuals segment amounting to 10 million Euros to factor in the increase in interest rates, in energy prices and in inflation occurred in the last few quarters;

- Alignment of the actions implemented for Crédit Agricole Leasing Italia to the actions implemented for Crédit Agricole Italia, more precisely in the Crédit Agricole Leasing Italia perimeter the following were downgraded from stage 1 to stage 2:
  - The positions on the watchlist for at least three of the four months before the reference date;
  - Retail Customers with PD equal to or higher than 11% and of Corporate Customers with PD equal to or higher than 5% (known as sensitive ratings).
- For Crédit Agricole Italia, downgrading from stage 1 to stage 2 of the floating-rate mortgage loan contracts that, based on a stress simulation, are to be considered high risk. More precisely, the mortgage loans that met both the conditions given below are forced into stage 2:
  - Contracts for which the instalment/income ratio is higher than 30%;
  - *non -Investment grade* ratings.

These actions are summarized, along with the other *post-model adjustments* already present in the processing operations before 31 December 2023 and reported in the paragraph below.

Post-model adjustments

Following the Forward-Looking Local ECL calculation as at December 2023, the Crédit Agricole Italia Banking Group made management overlays.

Said adjustments can be broken down into two types:

- **Adjustments made to specific positions:**
  - Single-name adjustments (adjustments on single positions) whereby the results could be aligned with the expectations – in terms of risk profile – of the IFRS 9 work group. In accordance with the regulated process, based on the results obtained with the calculation approach defined by the Group and based on the management information of the single counterparties, if the expected loss value associated with a specific counterparty does not accurately reflect its riskiness, the provisioning on the counterparty may be adjusted manually to a level deemed appropriate; such manual actions are allowed only if they increase the coverage ratio on the counterparty. The single-name adjustments made in Q4 2023 also include value adjustments to the ECL associated with exposures to:
    - The Bank of Italy;
    - The State Treasury;
    - Intra-group positions (with effects on the separate financial statements of the entities of the Group);
- Application of the SICR rules to the former-Creval portfolio: in order to ensure correct classification of the exposures coming from the former-Creval portfolio, the staging rules in force were enriched with the comparison of Creval PD as at acquisition and Creval PD as at the IT migration date.
- Direct downgrading to Stage 2:
  - Of the positions on the watchlist for at least three of the four months before the reference date;
  - Of the Retail positions with PD equal to or higher than 11% and of Corporate positions with PD equal to or higher than 5% (known as sensitive ratings);
  - Of pre-sensitive positions, i.e. of Retail Customers with ratings I07 and P07 and of Corporate banking Customers with ratings D and D-;
  - Only for Crédit Agricole Italia's part, of the floating-rate mortgage loan contracts that, based on a stress simulation, are to be considered high risk.
- **Portfolio adjustments made through massive spreading** of the identified amounts over all positions proportionally to the ECL. Said case included the following actions:
  - Actions concerning methodological elements not yet included in the used parameters or the implementation of a Forward-Looking Local model also for the LGD value;
  - Forward-looking action to take into account the upcoming modification to the Corporate PD model: the action is intended to early consider the effect of the adoption of the Corporate rating new grids, which, in accordance with the present planning, will be adopted by the Crédit Agricole Italia Banking Group in April 2024;
  - Action on sectors aimed at taking into account the higher riskiness of **energy-intensive sectors**, which is growing because of the consequences of the ongoing crisis on the future economic scenario. As at 31 December 2023, the applied add-on was increased from 30 million Euros to 50 million Euros. Moreover, the real estate sector has been included in the list of sectors;

  – Measure effective as of 31 December 2023 providing for a **prudential add-on for the Individuals segment** amounting to 10 million Euros to factor in the increase in interest rates, in energy prices and in inflation occurred in the last few quarters;
  – Action aimed at mitigating the impacts on impairments where there are **State Guarantees** (applying to the guaranteed portion). Furthermore, as done in the previous quarters on the Crédit Agricole Italia perimeter, the coverage ratio of government securities was considered.
- **Other actions to allocate provisions** on specific portfolios or on the overall portfolio of Performing Customers as at the reference date. In the reference quarter, the following actions were considered:
  - Corrections requested by the Validation Service after its annual review and concerning the implementation of the calculation regarding the add-on for the future implementation of the Corporate rating new grids;
  - Add-on introduced following an updating of the CACIB satellite model not implemented in the OMP tool for the calculation as at 31 December 2023;
  - Prudential action to ensure coverage of some approach-related action scheduled for 2024 and of the very uncertain economic scenario.

2.4 CREDIT RISK MITIGATION TECHNIQUES

Within the Crédit Agricole Italia Banking Group, the mitigation of credit risk is pursued by entering into ancillary agreements or by adopting appropriate tools and techniques designed to mitigate this risk.

In particular, specific processes regulate the obtainment and management of guarantees, with clear definition of the relevant roles, responsibilities and controls. Close attention is paid to the adequacy of the rules and procedures for monitoring that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure).

The standards for the appraisal of real estate properties securing the exposures of the Crédit Agricole Italia Banking Group, as laid down in the «Policies on the Valuation of Real Estate Properties Securing Exposures», are compliant with the Guidelines issued by the Italian Banking Association (ABI) in force at the relevant time and are in accordance with the recent regulatory principles “International Valuation Standards” (IVS) and “European Valuation Standards” (EVS).

The policies on the appraisal of real estate assets securing the exposures, updated as at October 2023, confirmed the approaches and principles, already adopted in the last few years, for the alignment to the «EBA Guidelines on loan origination and monitoring», and identify:

- A specialist unit engaged in the governance and oversight of the quality of the appraisals, having special regard to the task assigning process and to the appraisal methods and criteria adopted;
- A control framework defining the methods and frequency of controls and the reporting of the related outcomes;
- A list of accredited appraisers;
- The process for continuous monitoring of the values of the real estate assets, defining the methods and frequency.

3. NON-PERFORMING CREDIT EXPOSURES

The NPE Regulation

In the last few years, the legislation and regulations applicable to non-performing loans have been constantly developed and amended in order to improve the prudential criteria for identification and management of non-performing loans, fostering harmonization across the EU Member States.

In order to ensure constant compliance with said developments, the NPE Regulation is periodically revised, on the basis also on the remarks made during the periodic audits carried out by the Parent Company and by the ECB.

The events triggering classification as in Default (UTP Triggers): in compliance with the EBA Guidelines, a set of events has been defined upon whose occurrence the management structures shall thoroughly review the positions concerned in order to assess whether it is appropriate or necessary to classify them as non-performing.

Said positions may be kept in the performing category only in specific cases to be appropriately substantiated. The triggers are different in accordance with their scope of application being Individuals or SMEs.

The events triggering classification as Bad Loans: a set of events has been defined which, for their severity and risk of impairment of the assets backing the Bank credit claim, shall trigger immediate classification of the positions concerned as bad loans, with subsequent start of the related executive actions.

Furthermore, some guidelines have been designed for loan classification in the correct risk grade, first of all through going/ gone concern assessment.

Special attention is given to the positions in the “Commercial Real Estate” perimeter, which, due to the problems associated with the sector in terms of management and risk, is quite material in the non-performing loans scope.

In recovery forecasts, thorough assessment has been introduced of the reasons concerning the time for which the positions have been classified as non-performing; to this effect the analysis of exposure vintage is of key importance for the loan conservative measurement.

The units managing non-performing loans

The UTP and Past Due Management Division, through specialist management Services by type of counterparty, is responsible for managing non-performing exposures classified as Past Due (PD) and Unlikely to pay (UTP).

The Division in charge of out-of-court collection and/or full recovery of the exposures it manages, excluding the positions within the scope of outsourced collection services, consistently with the NPE strategy.

The Division manages relations with the Customers falling within its scope of responsibility with the objective of collecting the credit claims of the Crédit Agricole Italia Banking Group, promptly implementing all actions that are deemed the most suitable and effective towards borrowers.

In addition to periodic specific measurement of the recovery value, the management process for non-performing positions aims also at:

- Verifying whether the counterparty is capable of recovering financial health and, consequently, restoring the business and loan relationship; To this end, the Division is responsible for determining the scenario for collection forecast, specifically assuming the counterparty as a going concern (i.e. the exposure can be repaid with the cash flows generated by the counterparty as a going concern) or assuming the counterparty as a gone concern where the exposure can be collected only through the assets securing it as collaterals);
- Scheduling and monitoring loan workout plans agreed on with Customers;
- Proactive participation in interbank work group for debt restructuring and assessment of the proposed plans.

The Bad Loans Management and Servicers Division is responsible for the management of non-performing exposures classified as “bad”, through the two structures it comprises: The Bad Loans Management Service and the Servicers and Accounting Service.

The Servicers and Accounting Service is responsible for overseeing the management of UTP and bad loans outsourced from external services; specifically, it shall ensure that operating activities are duly carried out in coordination with the Servicers and Accounting Service, in order to verify the effectiveness, good value for money and timeliness of the collection actions.

The mission of the Bad Loans Division in the bad loans perimeter was obviously confirmed and consists in protecting and enforcing the credit claims of the Bank and of the Leasing Company against borrowers that are insolvent, in accordance with the NPE Strategy.

This mission is pursued managing bad exposures as follows:

- Implementing all possible actions in court and out of court, in order to achieve the best possible compromise between the highest possible collection and the shortest time to collection on these exposures;
- Ensuring organic management of all information on the most likely forward-looking repercussions on the income statement through the recognition of provisions for risks and allowances for losses on loans;
- Preparing and then updating, based on harmonized and standardized approaches, collection forecast in terms of probable collected amount and expected collection date, as well as conservative measurement of the existing guarantees and of those that can be reasonably be obtained in court.

3.1 MANAGEMENT STRATEGIES AND POLICIES

In accordance with the "Guidance to banks on non-performing loans" published in March 2017 by the European Central Bank (ECB), the Crédit Agricole Italia Banking Group designed its strategy for the management of non-performing loans, "Group 2018-2021 NPE Strategy", with the planning of the related KPIs, such as the weight of NPEs, the riskiness of the performing loan portfolio, the effectiveness of NPE recovery and the coverage ratio of the NPL portfolio.

The design of the NPE Strategy has provided for the following approach:

- Breakdown analysis of the loan portfolio and of the performance historical data of NPE management and collection by the Crédit Agricole Italia Banking Group;
- The positioning benchmark of the Crédit Agricole Italia Banking Group in the target market as regards KPIs (NPE Ratio, Coverage Ratio, Cost of Risk);
- Identification, based on the aforementioned analysis, of action drivers to strengthen the performances of the Crédit Agricole Italia Banking Group in terms of credit quality protection and improvement:
- Management actions on the "loan recovery machine";
- Initiatives aimed at increasing the NPE coverage ratio;
- NPE deleveraging initiatives through tools and actions already developed by the Group (NPE sales on a portfolio and single name basis) also in order to reduce the average vintage of the NPE portfolio.

Specifically, the NPL Policy sets out the internal rules for assessing Past Due, UTP and Bad Loans and, for each category, it governs the following scopes:

- Identification and classification methods;
- Criteria to determine statutory impairment applied upon entry in the category;
- Discounting rule to determine the present value in accordance with the estimated recovery plan;
- Assessment methods and criteria during the stay in the category;
- Conditions and methods for exiting the category with migration between NPE categories.

In 2023, further targets were achieved in terms of reducing the risk associated with the NPE portfolio; specifically, at the end of the year, the non-performing portfolio consisted, by about three quarters, of exposures classified as "unlikely to pay", the gross NPE ratio stood at 3.1% and the total coverage ratio of the NPE portfolio hit 50.3%*.

Furthermore, in the reporting year, the NPE Strategy up to 2025 was defined. The NPE Strategy, which reflects the forecast of the main macroeconomic factors, aims at protecting the quality of the loan portfolio, preserving the good levels reached in the recent FYs and, specifically, it provides for the adoption of ordinary management drivers, selectively supplementing them with targeted deleverage actions. Besides this, the new strategy provides for an action plan aimed at speeding up the digitalization of the processes and tools supporting lending and loan management.

For information on the technical-organizational procedures and on the methods used to manage and control the NPE portfolio, please, refer to the Notes to the Financial Statements – Part A – Accounting Policies, section A.2 Part reporting on the main financial statement items "Impairment for credit risk".

3.2 WRITE-OFF

The Bad Loans Management Division writes off bad loans after full recovery of the exposure or resumption of its amortization.

* Applying the treatment of POCI assets.

Furthermore, bad loans are written off with loan waiver subsequent to:

- Unilateral remission of the residual amount due within authorized and executed settlement;
- Loan disposal.

Conversely, bad loans are written off also without loan waiver subsequent to:

- Loan uncollectibility, as proved or inferred, including the implementation of all possible affordable actions;
- Very marginal possibility of collection.

In this case, the loan is fully or partially written off. These loans are written off in order not to keep, on the Balance Sheet, loans that, although still managed by the structures in charge of collection, are hardly likely to be recovered. The positions to be subject to this treatment must be identified – through a judgemental analysis – from among those that have both high vintage and high coverage.

3.3 PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

4. RENEGOTIATED FINANCIAL ASSETS AND FORBORNE EXPOSURES

As regards the accounting treatment of these assets and the related reporting, please refer to "A.2 - Part reporting on the main financial statement items".

Forborne exposures are those for which "concessions" have been granted to a borrower that is experiencing or is about to experience difficulties in fulfilling his/her/its financial commitments ("financial difficulty").

Concessions consist in the following:

- Changes in the terms/conditions of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties;
- Total or partial refinancing of an existing contract as regards which the borrower is not deemed able to comply with the set payments due to financial difficulties, which would not have been granted if the borrower had not been in financial difficulties.

Based on the information contained in EBA "*Implementing Technical Standards (ITS) - On Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013*" of 27 July 2014,as updated, and implementing the guidelines developed afterwards by the Parent Company Crédit Agricole S.A., the Crédit Agricole Italia Banking Group has defined an internal algorithm whereby forborne exposures can be identified, distinguishing between performing and non-performing forborne exposures.

As opposed to the "by counterparty" approach, used by the Crédit Agricole Italia Banking Group to classify non-performing exposures, it classifies forborne positions with a "by individual credit facility" approach". An exposure shall be classified as forborne when:

- The counterparty is classified as performing at the time of contract modification and there were contractual repayment instalments totally or partially past due by over 30 days at least once in the three months before its modification. The contracts meeting these features are classified as "*forborne performing - probation period*", except for contractual modifications featuring a difference between the net present value before and after the modification of more than 1%, in which case they shall be classified in their cure period and no longer considered forborne when all the following conditions are met:
  - The contract is considered performing;
  - At least two years have passed from the beginning of the probation period;
  - Regular payments have been made for a more than considerable portion of the principal/interest due during at least one half of the probation period;
  - No one of the exposures to the same borrower is past due by more than 30 days at the end of the probation period.

- The counterparty is classified as defaulted at the time of contract modification or the modified contract is totally or partially past due by over 30 days at least once during the three months before its modification, with a difference between the net present value before and after forbearance of more than 1%. The contracts meeting the above description are classified as "forborne non-performing - cure period" for a period of at least a year and are kept classified as unlikely to pay. The contract shall be classified "forbearance performing - probation period" when all the following conditions are met:
  - At least one year has passed since the start of the cure period[21];
  - There are no late payments;
  - The counterparty has returned fully able to fulfil its credit obligations.

Having said that contract modifications made for business reasons or contract modifications that were provided for in the original contract are not, for the time being, included in the forbearance perimeter, in order to assess whether any "concession" exists, the adopted approaches require that the existence of forbearance is identified when:

- The amortization schedule regarding a loan is suspended or modified in its original duration;
- The loan has been renegotiated/rescheduled;
- Several credit lines granted to a counterparty are closed and consolidated in a new loan or other credit forms implying the refinancing concept;
- A real estate mortgage loan based on the project progress which has been partially disbursed to a counterparty classified in the perimeter of real estate players has a pre-amortization period of over 36 months.

Furthermore, an exposure may be classified in the forborne perimeter on a judgemental basis where the algorithm does not automatically detect the contract modification or the financial difficulties experienced by the debtor. Likewise, positions can be excluded on a judgemental basis from the forborne perimeter, if the Account Manager believes that the automatic classification made by the algorithm is not consistent.

As at 31 December 2023, the stock of forborne exposures came to Euro 1.12 billion, of which 82.0% was backed by collateral (82.9% backed by mortgage). 66.6% of loans is classified in cure period and the remaining 33.4% in the probation period.

The new forbearance measures for last year came to Euro 242 million (21.5% of the stock) of which 80.1% backed by collateral (67,5% backed by mortgage).

41.5% of the new forborne exposures were classified in their cure period, while the remaining 58.5% were classified in their probation period. Again as regards the new concessions for the year, 46.4% of the exposures were classified in the forbearance perimeter subsequent to loan suspension and rescheduling and 48.5% based on a judgemental assessment.

An analysis of exposures referring to forborne assets measured at amortized cost is given below, separately reporting performing and non-performing ones.

Counterparty status	Type of forbearance applied	Total
PERFORMING	Forborne Performing exposures	291,762
DEFAULTED	Forborne Non-performing exposures	832,055
	Total Forborne Exposures	**1,123,817**

21 In case of suspensions, the year of cure period starts from the suspension date.

QUANTITATIVE DISCLOSURES

A. Loan quality

All financial assets are classified by credit quality with the exception of equity securities and units of O.I.C.R. collective investment undertakings.

The term "on-balance-sheet exposures" defines all on-balance-sheet financial assets consisting of due from banks or customers, irrespective of the accounting portfolio they are allocated to (measured at fair value through profit or loss, measured at fair value through other comprehensive income, measured at amortized cost, financial assets being divested).

The term "off-balance-sheet exposures" means all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

A.1 PERFORMING AND NON-PERFORMING CREDIT EXPOSURES: AMOUNTS, ADJUSTMENTS, CHANGES AND BREAKDOWNS

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

Portfolio/quality	Bad loans	Unlikely to Pay	Non-performing past due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets measured at amortized cost	116,672	1,392,967	11,555	887,271	69,223,445	71,631,910
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,615,157	3,615,157
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	1,345	1,345
5. Financial assets being divested	-	-	-	-	-	-
Total 31 Dec. 2023	**116,672**	**1,392,967**	**11,555**	**887,271**	**72,839,947**	**75,248,412**
Total 31 Dec. 2022	**102,154**	**951,595**	**27,594**	**790,183**	**82,734,812**	**84,606,338**

A.1.2 Breakdown of financial assets by portfolio and by credit quality (gross and net values)

Portfolio/quality	Non-performing				Performing			
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs(*)	Gross exposure	Total adjustments	Net exposure	Total (net exposure)
1. Financial assets measured at amortized cost	2,868,122	1,346,928	1,521,194	35,435	70,496,863	386,147	70,110,716	71,631,910
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	3,620,769	5,612	3,615,157	3,615,157
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	1,345	1,345
5. Financial assets being divested	-	-	-	-	-	-	-	-
Total 31 Dec. 2023	**2,868,122**	**1,346,928**	**1,521,194**	**35,435**	**74,117,632**	**391,759**	**73,727,218**	**75,248,412**
Total 31 Dec. 2022	**2,497,411**	**1,416,068**	**1,081,343**	**44,956**	**83,899,579**	**376,017**	**83,524,995**	**84,606,338**

(*) Value to be stated for disclosure purposes.

Portfolio/quality	Assets of evidently low credit quality		Other assets
	Accumulated losses	Net exposure	Net exposure
1. Financial assets held for trading	26	13	198,476
2. Hedging derivatives	-	-	863,647
Total 31 Dec. 2023	**26**	**13**	**1,062,123**
Total 31 Dec. 2022	**-**	**-**	**1,650,630**

A.1.3 Breakdown of financial assets by past due bracket (book values)

Portfolios/risk stages	Stage 1			Stage 2			Stage 3			POCI assets		
	From 1 day to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days up to 90 days	Over 90 days
1. Financial assets measured at amortized cost	324,590	11,063	4	498,004	41,013	12,596	43,858	29,451	510,543	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-	-	-	-	-	-	-
Total (31 Dec. 2023)	**324,590**	**11,063**	**4**	**498,004**	**41,013**	**12,596**	**43,858**	**29,451**	**510,543**	**-**	**-**	**-**
Total (31 Dec. 2022)	**434,052**	**34,222**	**19**	**263,535**	**48,268**	**10,087**	**48,387**	**51,706**	**491,044**	**-**	**-**	**-**

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: changes in total value adjustments and total provisions for credit risk

	Total adjustments											
	Stage 1 assets						Stage 2 assets					
	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment
Opening total adjustments	**5**	**162,356**	**6,159**	**-**	**-**	**168,520**	**-**	**207,502**	**-**	**-**	**-**	**207,502**
Increases from purchased or originated financial assets	-	8,843	1,622	-	-	10,465	-	13,088	-	-	-	13,088
Derecognized items other than write-offs	-	-9,528	-2,149	-	-	-11,677	-	-	-	-	-	-
Net adjustments/recoveries for credit risk (+/-)	-1	-87,242	-20	-	-	-87,263	-	91,991	-	-	-	91,991
Contract modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimate approach	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognized directly through profit and loss	-	-856	-	-	-	-856	-	-8	-	-	-	-8
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
Closing total adjustments	**4**	**73,573**	**5,612**	**-**	**-**	**79,189**	**-**	**312,573**	**-**	**-**	**-**	**312,573**
Recoveries from collection on financial assets written-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognized directly through profit and loss	-	-119	-	-	-	-119	-	-62	-	-	-	-62

Total adjustments											Total provisions for commitments to disburse funds and financial guarantees given				Total
	Stage 3 assets					POCI assets									
Demand due from Banks and claims on Central Banks	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Financial assets being divested	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees. POCI	
-	**1,416,068**	**-**	**-**	**1,416,068**	**-**	**-**	**-**	**-**	**-**	**-**	**6,883**	**10,591**	**55,043**	**-**	**1,864,607**
-	3,261	-	-	3,261	-	X	X	X	X	X	549	363	41	-	**27,767**
-	-182,362	-	-	-182,362	-	-	-	-	-	-	-	-	-	-	**-194,039**
-	181,047	-	-	181,047	-	-	-	-	-	-	2,622	5,777	-2,948	-	**191,226**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
-	-94,617	-	-	-94,617	-	-	-	-	-	-	-	-	-	-	**-95,481**
-	23,532	-	-	23,532	-	-	-	-	-	-	-	-	-	-	**23,532**
-	**1,346,929**	**-**	**-**	**1,346,929**	**-**	**-**	**-**	**-**	**-**	**-**	**10,054**	**16,731**	**52,136**	**-**	**1,817,612**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
-	-27,934	-	-	-27,934	-	-	-	-	-	-	-	-	-16,777	-	**-44,892**

A.1.5 Financial assets, commitments to disburse funds and financial guarantees given: transfers between the different credit risks stages (gross and nominal values)

	Gross values/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortized cost	6,421,124	1,217,446	185,535	42,911	854,239	7,022
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets being divested	-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees given	228,089	39,501	6,099	236	11,258	-
Total 31 Dec. 2023	**6,649,213**	**1,256,947**	**191,634**	**43,147**	**865,497**	**7,022**
Total 31 Dec. 2022	**2,314,970**	**2,166,136**	**221,692**	**44,471**	**242,791**	**20,812**
of which: New liquidity granted with state guarantee given for COVID-19	574,350	52,111	21,848	1,273	50,100	71

A.1.6 On-balance-sheet and off-balance-sheet exposures to banks: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs(*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET CREDIT EXPOSURES												
A.1 DEMAND	**9,898,681**	**9,898,681**	**-**	**-**	**-**	**4**	**4**	**-**	**-**	**-**	**9,898,677**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	9,898,681	9,898,681	-	X	-	4	4	-	X	-	9,898,677	-
A.2 Other	**2,335,560**	**2,331,422**	**-**	**4,138**	**-**	**3,902**	**143**	**-**	**3,759**	**-**	**2,331,658**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to Pay	4,138	X	-	4,138	-	3,759	X	-	3,759	-	379	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	968	968	-	X	-	-	-	-	X	-	968	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	2,330,454	2,330,454	-	X	-	143	143	-	X	-	2,330,311	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**12,234,241**	**12,230,103**	**-**	**4,138**	**-**	**3,906**	**147**	**-**	**3,759**	**-**	**12,230,335**	**-**
B. OFF-BALANCE-SHEET CREDIT EXPOSURES												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	3,841,454	2,814,272	381	X	-	731	726	5	X	-	3,840,723	-
TOTAL (B)	**3,841,454**	**2,814,272**	**381**	**-**	**-**	**731**	**726**	**5**	**-**	**-**	**3,840,723**	**-**
TOTAL (A+B)	**16,075,695**	**15,044,375**	**381**	**4,138**	**-**	**4,637**	**873**	**5**	**3,759**	**-**	**16,071,058**	**-**

(*) Value to be stated for disclosure purposes.

A.1.7 On-balance-sheet and off-balance-sheet exposures to customers: gross and net values

Type of exposures/Values	Gross exposure					Total adjustments and total provisions for credit risk					Net exposure	Total partial write-offs (*)
		Stage 1	Stage 2	Stage 3	POCI assets		Stage 1	Stage 2	Stage 3	POCI assets		
A. ON-BALANCE-SHEET EXPOSURES												
a) Bad loans	614,549	X	-	614,549	-	497,877	X	-	497,877	-	116,672	11,276
- of which: forborne exposures	155,998	X	-	155,998	-	132,667	X	-	132,667	-	23,331	-
b) Unlikely to Pay	2,231,168	X	-	2,231,168	-	838,580	X	-	838,580	-	1,392,588	24,158
- of which: forborne exposures	676,057	X	-	676,057	-	337,992	X	-	337,992	-	338,065	-
c) Non-performing past due exposures	18,268	X	-	18,268	-	6,713	X	-	6,713	-	11,555	1
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	933,621	335,682	597,939	X	-	47,318	992	46,326	X	-	886,303	-
- of which: forborne exposures	22,713	121	22,592	X	-	3,372	-	3,372	X	-	19,341	-
e) Other performing exposures	70,853,932	64,074,428	6,778,160	X	-	344,297	78,050	266,247	X	-	70,509,635	4,873
- of which: forborne exposures	269,050	35,387	233,663	X	-	13,538	107	13,431	X	-	255,512	-
TOTAL (A)	**74,651,537**	**64,410,110**	**7,376,099**	**2,863,984**	**-**	**1,734,785**	**79,042**	**312,573**	**1,343,170**	**-**	**72,916,753**	**40,308**
B. OFF-BALANCE-SHEET EXPOSURES												
a) Non-performing	182,250	X	-	182,250	-	52,147	X	-	52,147	-	130,103	-
b) Performing	24,499,969	23,823,844	640,879	X	-	26,042	9,327	16,715	X	-	24,473,927	-
TOTAL (B)	**24,682,220**	**23,823,844**	**640,879**	**182,250**	**-**	**78,189**	**9,327**	**16,715**	**52,147**	**-**	**24,604,030**	**-**
TOTAL (A+B)	**99,333,757**	**88,233,954**	**8,016,978**	**3,046,234**	**-**	**1,812,974**	**88,369**	**329,288**	**1,395,317**	**-**	**97,520,783**	**40,308**
of which: New liquidity granted with state guarantee given for COVID-19												
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to Pay	134,156	X	-	134,156	-	52,534	X	-	52,534	-	81,622	-
c) Non-performing past due exposures	5,234	X	-	5,234	-	2,662	X	-	2,662	-	2,572	-
d) Performing past due exposures	38,132	8,974	29,158	X	-	4,510	50	4,460	X	-	33,622	-
e) Other performing exposures	2,887,819	2,213,036	674,783	X	-	37,529	5,231	32,298	X	-	2,850,290	-

(*) Value to be stated for disclosure purposes.

A.1.8 On-balance sheet exposures to Banks: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**-**	**4,138**	**-**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**-**	**-**	**-**
B.1 from performing exposures	-	-	-
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	-	-	-
B.4 Contract modifications without derecognition			
B.5 other increases		-	
C. Decreases	**-**	**-**	**-**
C.1 to performing exposures	-	-	-
C.2 Write-offs	-	-	-
C.3 collections	-	-	-
C.4 profits on disposals	-	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other categories of non-performing exposures	-	-	-
C.7 Contract modifications without derecognition	-	-	-
C.8 other decreases			
D. Closing gross exposure	**-**	**4,138**	**-**
- of which: sold exposures not derecognized	-	-	-

A.1.9 On-balance-sheet exposures to Customers: changes in gross non-performing exposures

Reasons/categories	Bad loans	Unlikely to Pay	Non-performing past due exposures
A. Opening gross exposure	**550,270**	**1,904,369**	**38,634**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**285,225**	**1,040,834**	**36,597**
B.1 from performing exposures	34,887	983,422	21,944
B.2 from purchased or originated credit-impaired financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	241,656	25,182	12,636
B.4 Contract modifications without derecognition	8,682	123	-
B.5 other increases	-	32,107	2,018
C. Decreases	**220,946**	**714,035**	**56,964**
C.1 to performing exposures	85	46,372	3,477
C.2 Write-offs	72,723	24,412	13,551
C.3 collections	56,906	250,046	9,166
C.4 profits on disposals	21,338	42,825	-
C.5 losses on disposals	1,190	3,016	-
C.6 transfers to other categories of non-performing exposures	104	248,600	30,770
C.7 Contract modifications without derecognition	-	1,224	-
C.8 other decreases	68,600	97,540	
D. Closing gross exposure	**614,549**	**2,231,168**	**18,267**
- of which: sold exposures not derecognized	-	-	-

A.1.9bis On-balance-sheet exposures to Customers: changes in gross forborne exposures broken down by credit quality

Reasons/Quality	Non-performing forborne exposures	Performing forborne exposures
A. Opening gross exposure	**1,018,862**	**432,209**
- of which: sold exposures not derecognized	-	-
B. Increases	**123,532**	**187,791**
B.1 from non-forborne performing exposures	17,075	148,978
B.2 from forborne performing exposures	35,331	X
B.3 from forborne non-performing exposures	X	25,124
B.4 from non-forborne non-performing exposures	-	-
B.5 other increases	71,126	13,689
C. Decreases	**310,339**	**328,238**
C.1 to non-forborne performing exposures	X	196,322
C.2 to forborne performing exposures	25,124	X
C.3 to forborne non-performing exposures	X	35,331
C.4 Write-offs	29,481	-
C.5 collections	104,823	85,731
C.6 profits on disposals	34,866	-
C.7 losses on disposal	1,494	-
C.8 other decreases	114,551	10,854
D. Closing gross exposure	**832,055**	**291,762**
- of which: sold exposures not derecognized	-	-

A.1.10 On-balance-sheet non-performing exposures to Banks: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**-**	**-**	**3,766**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**-**	**-**	**5**	**-**	**-**	**-**
B.1 adjustments to purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other impairment losses	-	-	5	-	-	-
B.3 losses on disposals	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 Contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	**-**	**-**	**12**	**-**	**-**	**-**
C.1 writebacks from valuations	-	-	12	-	-	-
C.2 recoveries from collection	-	-	-	-	-	-
C.3 profits on disposal	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 Contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Total closing adjustments	**-**	**-**	**3,759**	**-**	**-**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-

A.1.11 On-balance-sheet non-performing exposures to Customers: changes in total adjustments

Reasons/categories	Bad loans		Unlikely to Pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**448,116**	**122,497**	**953,146**	**446,446**	**11,040**	**86**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**224,107**	**48,426**	**273,572**	**77,628**	**19,971**	**2,883**
B.1 adjustments to purchased or originated credit-impaired financial assets	-	X	-	X	-	X
B.2 other adjustments	95,085	16,843	224,560	48,463	7,424	354
B.3 losses on disposals	1,190	134	3,016	1,360	-	-
B.4 transfers from other categories of non-performing exposures	126,847	31,321	5,973	195	11,697	2,529
B.5 Contract modifications without derecognition	-	-	-	-	-	-
B.6 other increases	985	128	40,023	27,610	850	-
C. Decreases	**174,346**	**38,256**	**388,138**	**186,082**	**24,298**	**2,969**
C.1 recoveries from valuation	2,397	1,049	29,339	32,698	1,322	-
C.2 recoveries from collection	16,969	2,062	38,061	14,073	1,255	-
C.3 profits on disposal	9,489	4,015	8,258	3,599	-	-
C.4 write-offs	72,723	15,089	24,412	12,046	13,551	2,883
C.5 transfers to other categories of non-performing exposures	28	-	136,580	50,240	7,910	86
C.6 Contract modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	72,740	16,041	151,488	73,426	260	-
D. Total closing adjustments	**497,877**	**132,667**	**838,580**	**337,992**	**6,713**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-

Item C.7 “Other decreases” mainly reports, as to derecognized items other than write-offs, the amount equal to difference between the gross exposure and the disposal price.

A.2 CLASSIFICATION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN BASED ON EXTERNAL AND INTERNAL RATINGS

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by external rating grades (gross values)

Exposures	External rating grades						Without rating	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6		
A. Financial assets measured at amortized cost	**2,457,154**	**2,267,300**	**3,607,438**	**2,943,801**	**786,166**	**47,252**	**61,255,872**	**73,364,983**
- Stage 1	2,267,068	2,144,115	3,282,886	2,400,079	266,357	4,570	52,755,687	63,120,762
- Stage 2	186,537	123,185	323,411	543,722	517,132	42,682	5,639,430	7,376,099
- Stage 3	3,549	-	1,141	-	2,677	-	2,860,755	2,868,122
- POCI assets	-	-	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**3,620,769**	**3,620,769**
- Stage 1	-	-	-	-	-	-	3,620,769	3,620,769
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets	-	-	-	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- POCI assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**2,457,154**	**2,267,300**	**3,607,438**	**2,943,801**	**786,166**	**47,252**	**64,876,641**	**76,985,752**
D. Commitments to disburse funds and financial guarantees given	**1,899,401**	**2,091,253**	**2,942,347**	**2,591,016**	**463,715**	**27,322**	**17,446,570**	**27,461,624**
- Stage 1	1,847,133	2,075,255	2,897,388	2,501,838	419,583	21,825	16,875,093	26,638,115
- Stage 2	52,188	15,998	44,759	89,178	44,132	5,497	389,508	641,260
- Stage 3	80	-	200	-	-	-	181,969	182,249
- POCI assets	-	-	-	-	-	-	-	-
Total (D)	**1,899,401**	**2,091,253**	**2,942,347**	**2,591,016**	**463,715**	**27,322**	**17,446,570**	**27,461,624**
Total (A+B+C+D)	**4,356,555**	**4,358,553**	**6,549,785**	**5,534,817**	**1,249,881**	**74,574**	**82,323,211**	**104,447,376**

The breakdown by rating grades represented in the table refers to the ratings given by CRIF Ratings S.r.l. and DBRS Ratings GmbH.

The "without rating" column reports exposures with counterparties for which ratings given by the two ECAIs are not available, of which the key is given in the table below:

Credit rating grade	CRIF Ratings S.r.l. (Rating scale for long-term issuers)	CRIF Ratings S.r.l. (Rating scale for SMEs	DBRS Ratings GmbH
Grade 1	from AAA to AA	SME1, SME2	from AAA to AAL
Grade 2	A		from AH to AL
Grade 3	BBB	SME3	from BBBH to BBBL
Grade 4	BBB	SME4	from BBH to BBL
Grade 5	BBB	SME5, SME6	from BH to BL
Grade 6	from CCC to D	SME7, SME8	from CCCH to D

A.2.2 Breakdown of financial assets, commitments to disburse funds and financial guarantees given by internal rating grades (gross values)

Exposures	Internal rating grades					Total
	From AAA to BBB+	From BBB to BBB-	From BB+ to B	From B- to D	Without rating	
A. Financial assets measured at amortized cost	**23,286,720**	**32,134,972**	**12,972,877**	**4,531,628**	**438,786**	**73,364,983**
- Stage 1	23,211,076	31,429,095	7,989,760	145,819	345,012	63,120,762
- Stage 2	75,644	705,877	4,983,117	1,517,687	93,774	7,376,099
- Stage 3	-	-	-	2,868,122	-	2,868,122
- POCI assets	-	-	-	-	-	-
B. Financial assets measured at fair value through other comprehensive income	**3,620,769**	**-**	**-**	**-**	**-**	**3,620,769**
- Stage 1	3,620,769	-	-	-	-	3,620,769
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- POCI assets	-	-	-	-	-	-
C. Financial assets being divested	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-
- POCI assets	-	-	-	-	-	-
Total (A+B+C)	**26,907,489**	**32,134,972**	**12,972,877**	**4,531,628**	**438,786**	**76,985,752**
D. Commitments to disburse funds and financial guarantees given	**13,032,306**	**8,291,627**	**4,750,129**	**437,163**	**950,399**	**27,461,624**
- Stage 1	13,023,473	8,221,343	4,289,212	180,762	923,325	26,638,115
- Stage 2	8,833	70,284	460,917	74,222	27,003	641,259
- Stage 3	-	-	-	182,179	71	182,250
- POCI assets	-	-	-	-	-	-
Total (D)	**13,032,306**	**8,291,627**	**4,750,129**	**437,163**	**950,399**	**27,461,624**
Total (A+B+C+D)	**39,939,795**	**40,426,599**	**17,723,006**	**4,968,791**	**1,389,185**	**104,447,376**

The breakdown by rating grade refers to the Crédit Agricole Italia Banking Group's internal models. The "Without rating" column mainly shows exposures to Banks, Public Administration Bodies and Sovereign States, for which internal rating models are not available.

Excluding counterparties without rating, 78% of total counterparties fall within the Investment grades (from AAA to BBB-), whereas 17% falls within the BB+/B grades and 5% in the B-/D grades.

A.3 BREAKDOWN OF SECURED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 On-balance-sheet and off-balance-sheet secured exposures to banks

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate- Loans for leases	Securities	Other collaterals
1. On-balance-sheet secured exposures:	**356,525**	**356,525**	**-**	**-**	**-**	**-**
1.1 fully secured	1,959	1,959	-	-	-	-
- of which non-performing	-	-	-	-	-	-
1.2 partially secured	354,566	354,566	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2. Off-balance-sheet secured exposures:	**15,038**	**15,034**	**-**	**-**	**-**	**-**
2.1 fully secured	6,189	6,187	-	-	-	-
- of which non-performing	-	-	-	-	-	-
2.2 partially secured	8,849	8,847	-	-	-	-
- of which non-performing	-	-	-	-	-	-

A.3.2 On-balance-sheet and off-balance-sheet secured exposures to Customers

	Gross exposure	Net exposure	Collaterals (1)			
			Real estate - mortgages	Real estate- Loans for leases	Securities	Other collaterals
1 On-balance-sheet secured exposures:	**47,443,548**	**46,111,367**	**32,101,811**	**-**	**308,523**	**1,337,926**
1.1 fully secured	42,823,713	41,643,731	31,875,071	-	263,846	1,152,509
- of which non-performing	1,740,005	836,548	631,528	-	1,249	14,356
1.2 partially secured	4,619,835	4,467,636	226,740	-	44,677	185,417
- of which non-performing	201,160	92,259	12,407	-	460	1,515
2. Off-balance-sheet secured exposures:	**2,332,393**	**2,310,288**	**221,276**	**-**	**98,934**	**214,211**
2.1 fully secured	1,411,348	1,400,973	46,697	-	68,004	144,946
- of which non-performing	32,779	26,014	17,454	-	189	533
2.2 partially secured	921,045	909,315	174,579	-	30,930	69,265
- of which non-performing	10,506	6,840	1,680	-	41	1,704

Personal guarantees (2)									Total (1)+(2)
Credit derivatives						Signature loans			
CLN	Other derivatives				Public administration bodies	Banks	Other financial companies	Other parties	
	Central counterpartiesi	Banks	Other financial companies	Others					
-	**-**	**-**	**-**	**-**	**-**	**351,781**	**299**	**-**	**352,080**
-	-	-	-	-	-	1,660	299	-	1,959
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	350,121	-	-	350,121
-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**3,174**	**9,492**	**-**	**12,666**
-	-	-	-	-	-	3,172	3,014	-	6,186
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2	6,478	-	6,480
-	-	-	-	-	-	-	-	-	-

Personal guarantees (2)									Total (1)+(2)
Credit derivatives						Signature loans			
CLN	Other derivatives				Public administration bodies	Banks	Other financial companies	Other parties	
	Central counterparties	Banks	Other financial companies	Other parties					
-	**-**	**-**	**-**	**-**	**5,105,377**	**1,717,232**	**622,544**	**2,852,888**	**44,046,301**
-	-	-	-	-	3,070,693	1,430,262	452,607	2,580,813	40,825,801
-	-	-	-	-	67,273	135	9,359	70,102	794,002
-	-	-	-	-	2,034,684	286,970	169,937	272,075	3,220,500
-	-	-	-	-	65,381	715	4,491	2,736	87,705
-	**-**	**-**	**-**	**-**	**66,743**	**30,834**	**307,014**	**1,235,662**	**2,174,674**
-	-	-	-	-	9,421	19,179	43,907	1,068,043	1,400,197
-	-	-	-	-	668	-	856	6,314	26,014
-	-	-	-	-	57,322	11,655	263,107	167,619	774,477
-	-	-	-	-	618	1,049	243	781	6,116

In compliance with Bank of Italy Circular No. 262, 8th update, in the "Collaterals" and "Personal guarantees" columns, the fair value of the collaterals or guarantee is reported, estimated as at the reporting date or, where not available, its contractual value.

It is pointed out that, in compliance with the aforementioned 8th update, both values shall not be higher than the book value of secured exposures.

B. Breakdown and concentration exposures

B.1 BREAKDOWN BY SECTOR OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Counterparties	Public administration bodies		Financial companies		Financial companies (of which: insurance undertakings)		Non-financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	239	2,948	-	-	55,779	365,243	60,654	129,686
- of which: forborne exposures	-	-	67	2,435	-	-	18,878	120,211	4,386	10,021
A.2 Unlikely to Pay	43	36	533,470	26,018	1	2	531,689	609,351	327,386	203,175
- of which: forborne exposures	-	-	1,711	3,494	-	-	223,608	264,938	112,746	69,560
A.3 Non-performing past due exposures	1	-	39	38	-	-	2,773	2,248	8,742	4,427
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	8,503,362	13,115	8,276,600	6,858	122,956	56	22,406,900	172,738	32,209,076	198,904
- of which: forborne exposures	19,879	59	50	2	-	-	163,661	11,718	91,263	5,131
Total (A)	**8,503,406**	**13,151**	**8,810,348**	**35,862**	**122,957**	**58**	**22,997,141**	**1,149,580**	**32,605,858**	**536,192**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	1,353	3	-	-	123,927	51,598	4,823	546
B.2 Performing exposures	374,601	21	4,128,080	1,351	302,859	1,063	18,911,067	19,959	1,060,179	4,711
Total (B)	**374,601**	**21**	**4,129,433**	**1,354**	**302,859**	**1,063**	**19,034,994**	**71,557**	**1,065,002**	**5,257**
Total (A+B) 31 Dec. 2023	**8,878,007**	**13,172**	**12,939,781**	**37,216**	**425,816**	**1,121**	**42,032,135**	**1,221,137**	**33,670,860**	**541,449**
Total (A+B) 31 Dec. 2022	**15,171,368**	**24,234**	**9,801,966**	**29,211**	**131,332**	**95**	**25,918,738**	**1,292,234**	**32,647,100**	**514,013**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.2 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO CUSTOMERS

Exposures/Geographical areas	Northwest Italy		Northeast Italy		Central Italy		South and insular Italy	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures								
A.1 Bad loans	37,239	125,679	36,642	191,043	18,678	76,293	23,786	93,951
A.2 Unlikely to Pay	339,706	318,974	476,684	246,367	464,576	159,223	104,635	108,584
A.3 Non-performing past-due exposures	5,365	2,823	2,417	1,229	1,503	1,125	2,260	1,528
A.4 Performing exposures	30,150,518	152,561	18,610,980	121,343	17,832,971	77,423	4,320,262	38,180
Total (A)	**30,532,828**	**600,037**	**19,126,723**	**559,982**	**18,317,728**	**314,064**	**4,450,943**	**242,243**
B. Off-balance-sheet exposures								
B.1 Non-performing exposures	41,443	10,468	54,449	24,522	21,851	14,870	10,664	2,226
B.2 Performing exposures	12,612,721	10,808	7,620,344	13,189	2,999,029	1,279	983,020	587
Total (B)	**12,654,164**	**21,276**	**7,674,793**	**37,711**	**3,020,880**	**16,149**	**993,684**	**2,813**
Total (A+B) (31 Dec. 2023)	**43,186,992**	**621,313**	**26,801,516**	**597,693**	**21,338,608**	**330,213**	**5,444,627**	**245,056**
Total (A+B) (31 Dec. 2022)	**32,581,034**	**677,229**	**20,563,459**	**606,918**	**25,253,999**	**312,302**	**4,616,441**	**258,555**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.3 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES TO BANKS

Exposures/Geographical areas	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to Pay	-	-	-	-	-	-	-	-	379	3,759
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	10,794,179	104	1,417,359	36	956	1	13,604	5	3,858	1
Total (A)	**10,794,179**	**104**	**1,417,359**	**36**	**956**	**1**	**13,604**	**5**	**4,237**	**3,760**
B. Off-balance-sheet exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	2,133,641	674	1,284,108	20	83,713	7	298,515	20	40,746	10
Total (B)	**2,133,641**	**674**	**1,284,108**	**20**	**83,713**	**7**	**298,515**	**20**	**40,746**	**10**
Total (A+B) 31 Dec. 2023	**12,927,820**	**778**	**2,701,467**	**56**	**84,669**	**8**	**312,119**	**25**	**44,983**	**3,770**
Total (A+B) 31 Dec. 2022	**4,203,988**	**899**	**5,689,006**	**115**	**16,652**	**3**	**171,925**	**80**	**36,621**	**3,817**

On-balance-sheet exposures include loans, as well as other financial assets, such as debt securities, with the exception of derivative contracts, equity securities and units of O.I.C.R. collective investment undertakings.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or commodities are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees given, commitments, derivatives) for which credit risk is taken.

B.4 LARGE EXPOSURES

As at 31 December 2023 the positions having large exposure features in accordance with Regulation (EU) no. 575/2013 (CRR) as amended, including by Regulation (EU) no. 876/2019 (CRR2) were:

a) Of a total nominal amount of Euro 42,116,994 thousand;

b) Of a total weighted amount of Euro 1,004,020 thousand;

c) A total number of 8 making reference to both nominal value and weighted value.

C. Securitizations

QUALITATIVE DISCLOSURES

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

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022.

Stelvio (structured transaction pursuant to Italian Law no.130 of 30 April 1999)

Key transaction information	
Transaction finalized on	3 Dec. 2021
Special-purpose vehicle	Ortles 21 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,552,479**
Outstanding notes as at 31 Dec. 2023	**252,601**
Of which senior	198,290
Of which mezzanine	40,000
Of which junior	14,311
Senior notes rating at issue	BBB Scope Rating, DBRS, ARC
Limited recourse loan (Cash reserve) as at 31 Dec. 2023	11,206
Senior notes rating as at 31 Dec. 2023	BBB Scope, DBRS, ARC

The transaction was carried out by the Crédit Agricole Italia Banking Group, con ItalFondiario as the Master Servicer, Zenith as the corporate servicer and DoValue S.p.A. and Cerved as the Portfolio Special Servicers.

Elrond NPL 2017

Key transaction information	
Transaction finalized on	14.07.2017
Special-purpose vehicle	Elrond NPL 2017 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,405,252**
Outstanding notes as at 31 Dec. 2023	**284,872**
Of which senior	222,372
Of which mezzanine	42,500
Of which junior	20,000
Senior notes rating at issue	Baa3 Moody's BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2023	9,161
Senior notes rating as at 31 Dec. 2023	CAA2 Moody's and CC Scope Rating

Special servicing is performed by Cerved Credit Management S.p.A., whereas master servicing is performed by Cerved Master Servicer S.p.A.

Aragorn NPL 2018

Key transaction information	
Transaction finalized on	14.06.2018
Special-purpose vehicle	Aragorn NPL 2018 S.r.l.
Underlying exposures	Non-Performing Loans consisting of mortgage and unsecured credit exposures to individuals and businesses (corporate and retail bnkg)
Geographical area of the sold loans	Italy
Total original amount of the loans sold	**1,670,633**
Outstanding notes as at 31 Dec. 2023	**383,107**
Of which senior	306,285
Of which mezzanine	66,822
Of which junior	10,000
Senior notes rating at issue	BBBL DBRS BBB- Scope Ratings
Limited recourse loan (Cash reserve) as at 31 Dec. 2023	16,407
Senior notes rating as at 31 Dec. 2023	CCC DBRS and Scope Ratings

Master servicing is performed by Master Gardant S.p.A., whereas *special servicing* is performed jointly by Special Gardant SpA and Cerved Credit Management S.p.A..

As the Elrond and Aragorn securitizations had the objective of transferring credit risk, they may entail the specific risk that credit risk is not fully transferred, but the sale of the mezzanine and junior tranches (with substantial transfer of the risks and rewards associated with the securitized loans and the subsequent derecognition of the portfolio) and the State guarantee given, ensure constant compliance with the requirements of significant transfer of credit risk.

Pillarstone Italy

In 2018, Creval, along with other banks, transferred its loans to Rainbow Magicland S.p.A. to the Pillarstone Italy SPV. With the loans disposed of totalling Euro 8.4 million, in January 2019 Creval subscribed class B1 notes for Euro 1.5 million and class C2 notes for Euro 6.9 million (the latter fully written down).

Key transaction information	
Special-purpose vehicle	Pillarstone Italy SPV S.r.l.
Underlying exposures	Non-Performing Loans having RAINBOW MAGICLAND S.p.A. as the borrower
Geographical area of the sold loans	Italy
Amount of the loans sold by Creval	**8,395**
All subscribed by Creval	**8,395**
Of which class B1	1,469
Of which class C2	6,926
Notes rating	N.R.

The role as Servicer was vested in Banca Finint S.p.a. (within the restructuring of the Securitisation Services S.p.a. Group, it was merged into Banca Finanziaria Internazionale S.p.a. – i.e. Banca Finint S.p.a).

Tranched Cover – Creval 25

In 2020, the “Creval 25” portfolio was finalized for a tranched cover synthetic securitization on newly-originated loans to *Retail* and *Corporate bnkg customers*. The transaction provides for a personal guarantee to be given covering credit risk. The guarantee was given by the Central Guarantee Fund for SMEs on the junior *tranche* of a selected portfolio.

The portfolio of underlying exposures consists of loans originated in 2019 and 2020, to approximately 580 enterprises based throughout Italy, amounting to Euro 65,452 thousand, (the junior tranche amounting to Euro 5,638 thousand, the senior tranche amounting to Euro 59,814 thousand).

Key transaction information	
Transaction finalized on	03.10.2020
Originator	Creval S.p.A.
Transaction type	Tranched Cover
Underlying exposures	Unsecured performing loans with average maturity of 60 months
Geographical area of the sold loans	Italy
Amount of the portfolio of underlying assets	**65,452**
Risk holder	
Senior tranche	Crédit Agricole Italia S.p.A.
Junior tranche	Partially covered by protection seller
Guarantees given by third parties	Guarantee given by the Central Guarantee Fund for SMEs on the junior tranche

Risk measurement, Internal control Systems and hedging policies

In order to comply with the regulatory requirements concerning the recognition of “Significant transfer of credit risk”, within the securitizations of non-performing and performing loans, the Group designed a comprehensive and clear-cut framework for periodic monitoring and management of the controls and information flows (consistently with its risk appetite expressed by the Risk Appetite Framework and with its strategic plan),adopting the policy for oversight on the model for governance and management of the risks associated with the securitizations, called Significant Risk Transfer (“SRT”).

The “SRT” Policy provides for a clear definition of the roles and responsibilities for monitoring, control and reporting, as well as for the related escalation mechanisms; the Framework for the management of significant transfer of credit risk and the related risk oversight and control system are part of the overall Internal Controls System, which is managed and implemented by the Parent Company Crédit Agricole Italia on behalf of all the entities of the Group.

QUANTITATIVE DISCLOSURES

C.1 EXPOSURES RESULTING FROM "OWN" MAIN SECURITIZATION TRANSACTIONS BROKEN DOWN BY TYPE OF ASSET-BACKED SECURITIES AND BY TYPE OF EXPOSURES

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
A. Fully derecognized	**715,012**	**-1,026**	**772**	**-**	**1**	**-**
ELROND NPL 17-40 TV						
- Non-performing loans	222,323	-333	90	-	-	-
ARAGORN NPL 18-38 TV					**-**	
- Non-performing loans	293,950	-443	-	-	-	-
ORTLES ABS 21-45TV A						
- Non-performing loans	198,739	-250	682	-	1	-
PILLARSTONE ITALY SP						
- Non-performing loans	-	-	573	-	-	-
C. Not derecognized	**4,957**	**-55**	**-**	**-**	**459**	**-628**
MCC Tranched Cover						
Mortgage and unsecured loans	4,957	-55	-	-	459	-628

C.2 EXPOSURES RESULTING FROM "THIRD PARTIES" MAIN SECURITIZATION TRANSACTIONS BROKEN DOWN BY TYPE OF SECURITIZED ASSETS AND BY TYPE OF EXPOSURES

Type of securitized assets/ Exposures	On-balance-sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
AGRICOLE BA 22-32 TV						
Minibonds	7,484	10	-	-	-	-

C.3 SECURITIZATION SPECIAL-PURPOSE ENTITIES

Securitization name// SPV name	Registered Office	Consolidation
Ortles 21 S.r.l.	Milan, Italy	No
Elrond NPL 2017 S.r.l.	Conegliano Veneto (TV), Italy	No
Aragorn NPL 2018 S.r.l.	Rome	No
Pillarstone Itlay SPV S.r.l.	Milan, Italy	No

As regards the Ortles, Elrond, Aragorn and Pillarstone transactions, given that there is no control in accordance with IFRS 10 and considering the transfer to third parties of all the risks and rewards, the special-purpose entities have not been consolidated.

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-	-	-	-	-

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries	Book value	Adjustments/ recoveries
	-	-	-	-	-	-	-	-	-	-	-	-

	Assets			Liabilities		
	Loans	Debt securities	Other	Senior	Mezzanine	Junior
	224,532	-	37,788	198,495	42,112	19,690
	911,237	-	-	222,372	42,500	20,000
	327,764	-	52,837	308,237	86,962	15,816
	42,009	-	-	25,093	25,601	105,917

C.4 SECURITIZATION SPECIAL-PURPOSE VEHICLES NOT CONSOLIDATED

Subsequent to the Stelvio transaction, which was finalized at the end of 2021, as at 31 December 2023 the Group held the senior tranche issued by the special-purpose entity Ortles 21 and having a book value of Euro 198.7 million, 5% of the mezzanine tranche having a book value of Euro 0.7 million and 5% of the junior tranche, which has been fully written down. Within the transaction, the Group made a limited recourse loan (cash reserve) to the special-purpose entity amounting, as at 31 December 2023, to Euro 11.2 million.

On the Senior notes, the Italian Ministry of the Economy and Finance gave the Italian State Guarantee on Securitization of NPLs (GACS) on 13 April 2022 and, therefore, the variability of the performance of that tranche is not material.

As regards the securitization transactions carried out by Creval before its acquisition, as at 31 December 2023 the Crédit Agricole Italia Banking Group held the senior tranches issued by the special-purpose entities Elrond NPL 2017 and Aragorn NPL 2018 backed by the GACS Italian State guarantee and amounting to a book value of Euro 516.2 million, and 5% of the mezzanine and junior tranches having a total book value of about Euro 90 thousand. Within those transactions, the Group made limited recourse loans to the special-purpose entities to provide them with cash reserves to manage the risk of any mismatch between the funds from collections and recoveries on the portfolio of transferred loans on the one hand, and the necessary funds to pay interests on the senior ABS on the other, amounting to Euro 25.6 million and recognized in item “40. Financial assets measured at amortized cost as at 31 December 2023 As regards the Pillarstone transaction, the Group subscribed a portion of the mezzanine notes amounting to Euro 1.5 million, having a total book value of Euro 0.5 million, and a portion of the junior notes amounting to Euro 6.9 million and fully written down.

The State guarantee limits the variability of the results for the Group on the senior tranche and, consequently, the maximum exposure to the risk of loss is equal to the sum of the book values of the junior and mezzanine tranches amounting to Euro 1.3 million, and the book value of the limited recourse loans amounting to Euro 36.8 million. The maximum exposure to the risk of loss is deemed amounting to Euro 38.1 million.

E. ASSET DISPOSALS

D. Covered bond programme

In order to increase its liquidity reserves, in 2013 Crédit Agricole Italia designed its public program for the issue of Covered Bonds. These bonds are secured, i.e. “covered” both by the issuing Bank and by a pool of high-quality loans that are managed by a special-purpose entity (Crédit Agricole Italia OBG S.r.l. – the Special-Purpose Entity dedicated to the Program, of which Crédit Agricole Italia holds 60%), operating as the depositary of the mortgage loans used as collaterals. The Programme requires effective organizational control and significant capital strength. It is also emphasized that the above program has no effect on the regulatory risk profile of Crédit Agricole Italia Banking Group and does not generate the obligation for the Bank to derecognize the assets used as collaterals.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities.

Crédit Agricole Italia transfers a pool of residential mortgage loans to Crédit Agricole Italia OBG S.r.l., which finances the payment of purchase price of the assets through a subordinated loan, originated by the Bank. Crédit Agricole Italia issues the Covered Bonds, on which a guarantee is given to the subscribers so that they can rely on a pool of assets separated from those of the Bank and consisting of the assets transferred to the Special-purpose Entity. The repayment of the Covered Bonds that have been issued within the programme is indeed secured by unconditional and irrevocable guarantee given by Crédit Agricole Italia OBG exclusively to the benefit of the Covered Bond subscribers and of unrelated counterparties.

The programme, which is part of a process for enhancing the efficiency of funding sources, aims at providing the Bank with a wider range of liquidity management instruments. Indeed, thanks to the Programme of issues on the market, Crédit Agricole Italia can access funding instruments with longer maturities than that of the securities placed with Retail Customers, stabilize the cost of funding and diversify its investor base, being appreciated as one of leading players on the Italian Covered Bond market.

Furthermore, thanks to the issue of retained Covered Bonds, an additional buffer of eligible assets with the ECB to be used in refinancing operations.

In June 2023, Crédit Agricole Italia went again to the market with a new issue of Premium Covered Bonds (PCBs), i.e. Covered Bonds meeting the EU *Premium Label* requirements, in compliance with the latest EU Directives, with 6.5-year maturity for an amount of 1 billion Euros. Furthermore, on 5 October 2023, a *Premium Covered Bond* was issued and fully subscribed by the European Investment Bank (EIB), for an amount of 400 million Euros under the agreement signed by and between the two parties to support new investments made by small and medium enterprises and farms. That agreement establishes that at least 25% of the resources be used to assist Customers in achieving their environmental sustainability and energy transition goals, giving once again evidence of Crédit Agricole Italia's commitment to the market and its focus on circular economy and ESG matters.

Furthermore, again in June, two retained Covered Bonds were repaid, one for an amount of 500 million Euros maturing on 20 July 2023, and the other, which was repaid partially, for an amount of 250 million Euros, with the remaining 500 million Euros maturing in Q1 2024. Along with the aforementioned transactions, on 16 June 2023 a Covered Bond issued on the market for 1 billion Euros reached its maturity.

As at 31 December 2023, the nominal value of the outstanding bonds came to Euro 11.65 billion, of which Euro 2.0 billion in retained bonds and Euro 9.65 billion in publicly traded bonds.

Disclosure

At its meetings held on 24 July 2012 and 26 March 2013, the Board of Directors of Crédit Agricole Italia resolved to start a programme for the issue of covered bonds.

The Italian legislation framework on covered bonds consists of Article 7-*bis* of Law No. 130 of 30 April 1999 (as amended and supplemented, hereinafter referred to as "Law 130"), of the Decree issued by the Italian Minister of the Economy and Finance No. 310 of 14 December 2006 (the "MEF Decree") and by the Provisions for Prudential Supervision of Banks set down in the Bank of Italy's Circular No. 285 of 17 December 2013, as supplemented and amended (the "Instructions" and, jointly with Law 130 and with the MEF Decree, the "Legislation"). In 2023 the Bank of Italy provisions applicable to the Covered Bond Program were implemented, in accordance with Directive (EU) 2019/2162 to implement Regulation (EU) 2019/2160. The issue of Covered Bonds has allowed Crédit Agricole Italia to further diversify its stock of eligible assets with the European Central Bank, to have access to funding tools with longer maturity than the securities placed with its Retail Customers, to diversify its investor base and to stabilize the cost of funding.

The cover pool

The loan pool that, each time, is transferred to the Special-purpose Vehicle must have some common features.

Since May 2013, several transfers have been made within which receivables, i.e. credit claims, based on mortgage loan contracts were selected and, as at their respective transfer date, had, by way of example and not limited to, the following common features:

- Credit claims based on mortgage loan contracts:
  - Which are residential mortgage loans (i) having a risk-weighting factor not higher than 35% and (ii) for which the residual principal amount plus the residual principal of any previous mortgage loans with mortgage on the same property is not higher than 80% of the value of the mortgaged property; or
    - Which are mortgage loans originated or purchased by Crédit Agricole Italia;
    - Which are performing with no instalments past due by over 30 days;
    - Which do not include clauses restricting the right of Crédit Agricole Italia to sell its credit claims resulting from the relevant loan contract or providing for the borrower's consent to the transfer and for Crédit Agricole Italia to have obtained such consent;
    - for which any pre-amortization period provided for by the contract has fully expired and at least one instalment has matured and has been paid;
    - Which have been granted to a natural person, a legal person or to more than one natural or legal person, who have jointly taken out the loan;
    - Which provide for the payment by the borrower of interest at a floating or fixed rate.

- Specifically, in 2023 a transfer of residential mortgage loans was made:
  - On 16 June 2023 Crédit Agricole Italia transferred the fourteenth pool to Crédit Agricole Italia OBG S.r.l. for a total principal amount of approximately Euro 2.27 billion.

As at 31 December 2023, the Cover Pool consisted of 180,845 mortgage loans, with a total residual debt, net of any repayments, of approximately Euro 14.5 billion.

Current accounts

The Programme provides for a complex structure of current accounts to manage the cash flows from the transaction.

A number of accounts have been opened in the name of Crédit Agricole Italia OBG and specifically, but not limited to: collection accounts, quota capital account, reserve fund account, guarantor payments account and expenses account.

Parties involved in the Programme

With regard to the Programme, the following parties have the roles set forth here below:

- Transferor Bank: Crédit Agricole Italia;
- Master Servicer: Crédit Agricole Italia (which, in this capacity, has been tasked by Crédit Agricole Italia OBG, pursuant to the Servicing Master Agreement, with the collection and recovery of the receivables in the Initial Pool and in the pools that the Transferor Bank will transfer to Crédit Agricole Italia OBG pursuant to the Transfer Master Agreement);
- Principal Paying Agent: Crédit Agricole Italia (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to determine and process the payments due, for principal and interest, to the holders of the Covered Bonds);
- Calculation Agent: Crédit Agricole Corporate & Investment Bank, Milan Branch ("CACIB") (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to prepare and sent – to all parties to the agreement – the so-called Payments Report, setting forth the available funds owned by Crédit Agricole Italia OBG and the payments to be made, based on the payment priority order as set by the parties in the transaction, pursuant to the Intercreditor Agreement, from the available funds);
- Account Bank: Crédit Agricole Italia (with which, in this capacity, pursuant to the Cash Management and Agency Agreement, the Italian current accounts shall be opened and kept in the name of Crédit Agricole Italia OBG S.r.l.; on these accounts the liquidity shall be deposited to be used for the payments as per the Programme schedule);
- Asset Monitor: BDO Italia (which, in this capacity, pursuant to the Asset Monitor Agreement, shall carry out the calculations and verifications on the Mandatory Tests and on the Amortisation Test to be performed pursuant to the Cover Pool Administration Agreement, verifying the accurateness of the calculations made by the Calculation Agent pursuant to the Cover Pool Administration Agreement. With separate assignment, the Asset Monitor, tasked by Crédit Agricole Italia, shall carry out further verifications, specifically on (i) compliance of the eligible assets making up the Pool with the requirements set by the Legislation and (ii) compliance with the limits set for the transfer and with the issuers' requirements as provided for in the Instructions and (iii) the completeness, truthfulness and promptness of the information made available by investors);
- Guarantor quotaholders: Crédit Agricole Italia and Stichting Pavia (which, in this capacity, have signed the Quotaholders Agreement to exercise the corporate rights associated to the equity investment held by each one of them in Crédit Agricole Italia OBG);
- Representative of the Covered Bondholders: Zenith Service (which, in this capacity, exercises, towards Crédit Agricole Italia and Crédit Agricole Italia OBG, the rights of the counterparties involved in the transaction based on the Programme Contracts);
- Administrative Services Provider: Zenith Service (which, in this capacity, has the task of providing Crédit Agricole Italia OBG with administrative and corporate services relating to the activities to be carried out within the Programme);
- Arranger: CACIB;
- Rating Agency: Moody's.

Risks associated with the Programme

The Programme for the Issue of Covered Bonds entails the financial risks specified below, for which several mitigation measures have been adopted: Credit Risk, Liquidity Risk, Refinancing Risk, Counterparty Risk, Operational Risks, Risk of Bankruptcy of the Issuer Bank, Legal Risks.

Based on the procedures, in compliance with the Supervisory Instructions, the Internal Audit Department of Crédit Agricole Italia performs a verification of the controls carried out, at least every 12 months, also using the information received from and the judgements expressed by the Asset Monitor.

The Programme financial structure envisages that Crédit Agricole Italia may issue Covered Bonds, in more than one subsequent series, to be rated by Moody's Investors Service (presently the expected rating is Aa3).

Section 2 – Market risks

2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

A. General aspects

Crédit Agricole Italia does not typically engage in proprietary trading on financial markets, but only in trading operations to meet its customers' needs. Furthermore, trading activities are subject to specific regulatory requirements that prohibit any proprietary speculative trading. The applicable legislation consists of the Volcker Rule (Dodd-Frank Wall Street Reform and Consumer Protection Act) and the LBF - "*Loi de séparation et de régulation des activités bancaires*" (French law no. 2013-672)). Following the Volcker Rule reform in 2020, the Crédit Agricole Italia Banking Group has been classified as a TOTUS ("Totally Outside The US") entity. The Entities that do not have any branches in the US or direct operations in the US territory are exempted from the obligation to perform the Volcker specific controls that were previously required, thus simplifying the programme for compliance with that piece of legislation. Therefore, trading activities are ancillary to and aimed at meeting customers' requirements; Crédit Agricole Italia takes only residual risk positions in the trading book.

The trading book of Crédit Agricole Italia mainly consists of Over-The-Counter derivatives (matched trading) and non-structured financial instruments. In its capacity as the Parent Company, Crédit Agricole Italia coordinates the interest rate risk and price risk of the trading books of all the Group's entities, centrally managing financial operations as well as the risk assessment and control activities. The control of market risk on the trading book ensures that a risk level consistent with the Group's objectives is continuously maintained.

Given the exposure immateriality, Pillar One capital absorption is calculated in accordance with the standardized approach.

B. Management and measurement of interest rate and price risks

Organisational aspects

The process for the management of market risks is regulated by the relevant risk policy. This document lays down the internal system of normative instruments for the management of market risk with reference to operations in financial instruments, foreign currencies and commodities, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of market risk;
- Guidelines and rules which the market risk management processes are based on.

The Market Risk Policy is one of the components of the overall risk governance model implemented by the Crédit Agricole Group, consistently with the guidelines issued by the French Parent Company Crédit Agricole S.A.

Within the process for market risk management, primary responsibility is assigned to corporate bodies/structures, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is the body engaged in strategic oversight functions and is therefore responsible for defining market risk governance policies and management processes;
- The Co-General Manager in charge of Corporate Banking, delegating the relevant powers to the Corporate Banking Department, is the officer responsible for market risk management, and, therefore, sets down and steers the Group's mechanism for the management of Market Risk;
- The Capital Management and Middle Office Service is responsible for controlling the perfect back–to-back of the transactions entered by the Capital Market & Open Innovation Division on behalf of Customers;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of the market risk treatment with the applicable legislation in force and with the Group Risk Strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is a mechanism designed to control that operational practices, at the various organisational levels, are performed in compliance with management guidelines and strategies, as defined by the Top Management.

The risk framework system regarding the trading books of Crédit Agricole Italia is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Its risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The system of global limits must be able to ensure a controlled development of the business. The limits are set in order to contain any losses within a level that is deemed acceptable for the Crédit Agricole Group as a whole and are defined using common metrics, such as Notional Value, Mark to Market and Value at Risk. As regards limits and thresholds on market risk, the global limits and global alert thresholds are validated by the Group Risk Committee of Crédit Agricole SA (*Comité Risques Groupe* - CRG) and approved by the Board of Directors of the Parent Company Crédit Agricole Italia and implemented by the Boards of Directors of the other Entities of the Group, whereas the local operational limits and the local alert thresholds – which are specific adaptations of the global limits - are adapted locallyfor the indivudal Entities of the Crédit Agricole Italia Banking Group and also validated by the Board of Directors of Crédit Agricole Italia and submitted for implementation and information to the Boards of Directors of the other Entities.

Control System

The monitoring of global limits, local operational limits and alert thresholds is a task assigned to the Risk Management and Permanent Controls Department. Reporting on compliance with the set limits is included in the monthly Financial Risk Report, while continuous compliance is verified with automated daily reporting through an internal procedure. . The Financial Risk Report is sent to the Group's top bodies and officers, to the structures engaged in market risk management, to the Internal Audit Department and to the Group Risk Department (Direction Risques Groupe) of Crédit Agricole S.A. A summary of this report is the basis for quarterly reporting on foreign exchange risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are breached, there are significant changes in markets, significant losses, etc.), a specific alert procedure is triggered, reporting the event and a remedial action plan to the Top Management Bodies and to the French Parent Company Crédit Agricole S.A., depending on the type of breach detected.

Furthermore, the Risk Management and Permanent Controls Department performs *Independent Price Verification* of the financial instruments on the trading book and audits on *Prudent Valuation* of the financial instruments held. As regards derivative instruments sold to ordinary instruments, it issues opinions on the pricing methodology, whose models, which are commonly used in financial practices, are fed with input parameters (such as interest rate, exchange rate and volatility curves) observed on the market and subject to monitoring processes.

Local "Correspondant Volcker Rule" (the Local Officer in charge of the Volcker Rule)

The Local "*Correspondant Volcker Rule*" (the Local Officer in charge of the Volcker Rule) for the Crédit Agricole Italia Banking Group is part of the Finance Department and is responsible for ensuring that the Group is always compliant with the Volcker Rule and with the LBF cooperating with the central Officers in charge at Crédit Agricole S.A..

Fair Value Option

In 2023, no transactions recognized under "Fair Value Option" were carried out.

QUANTITATIVE DISCLOSURES

1. SUPERVISORY TRADING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF ON-BALANCE-SHEET FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL DERIVATIVES

Euro

Type/Remaining maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1 On-balance-sheet assets	**-**	**-**	**1**	**-**	**16**	**2**	**1**	**-**
1.1 Debt securities	-	-	1	-	16	2	1	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	1	-	16	2	1	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives								
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	260,671	7,455,139	4,549,956	2,221,262	5,919,581	447,351	37,714	-
- Options								
+ long positions	30	16,878	23,574	40,414	95,410	6,425	49	-
+ short positions	27	16,871	23,571	40,418	95,417	6,426	49	-
- Other derivatives								
+ long positions	130,307	3,712,855	2,252,378	1,069,139	2,864,348	217,250	18,808	-
+ short positions	130,307	3,708,535	2,250,433	1,071,291	2,864,406	217,250	18,808	-

Other currencies

Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1 On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives								
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	624,804	380,898	299,854	86,802	-	-	-
- Options								
+ long positions	-	441	251	541	252	-	-	-
+ short positions	-	441	251	541	252	-	-	-
- Other derivatives								
+ long positions	-	309,744	190,199	149,386	43,149	-	-	-
+ short positions	-	314,178	190,197	149,386	43,149	-	-	-

2.2 INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of interest rate risk and price risk

General aspects

Asset & Liability Management activities cover all the items on the banking book, on-balance-sheet and off-balance-sheet. Future fluctuations in interest rates that would impact on profits, through changes in net interest income, and that would also have an effect on the discounted value of its capital, as they would cause a change in the net present value of future cash flows, are mitigated with hedges that are calibrated also through specific modeling of financial statement items.

Organisational aspects

In its capacity as the Parent Company, Crédit Agricole Italia coordinates the interest rate risk and price risk profiles of the Group's banking book, centrally managing financial operations, as well as risk assessment and control activities.

The Governance model adopted by the Crédit Agricole Italia Banking Group vests:

- The ALM Committee with the task of setting the strategic and direction lines for the management, of validating proper application of the standards and methods for measuring the exposure to interest rate risk, of examining the reporting produced by the Finance Department, as well as to resolve on any measures to be implemented, as well as of validating the local operational limits and the local alert thresholds regarding interest rate risk.
- The Risk and Internal Control Committee with the task of examining the outcomes of controls on compliance with the RAF and Risk Strategy limits and alert thresholds, as well as any alert procedures that started.

The CFO is responsible for the management and measurement of interest rate risk for the Group as a whole. Through the Finance Department, the CFO sets the methods for managing interest risk in compliance with the applicable regulations and with the methodological indications provided by the Crédit Agricole Group. The CFO also designs operational actions, carries out stress testing exercises based on the guidelines issued by the Crédit Agricole Group and prepares the ICAAP reports, both the local one and the contribution to the Group's ICAAP exercise.

The Risk Management and Permanent Controls Department is responsible for control. Therefore, it verifies the corporate risk management process and supervises compliance of the risk treatment with the applicable legislation in force and with the Group Risk Strategy.

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

Risk policy and management

The processes for the management of interest rate risk and price risk are governed by the respective risk policies. These documents lay down the internal normative framework for the management of risks with reference to operations in financial instruments, in terms of:

- Principles, objectives, methodologies and tools used for the measurement, control and management of risks;
- Guidelines and rules on which the Risk Management and Stress Testing processes are based.

The management of interest rate risk designed by the Crédit Agricole Italia Banking Group aims at ensuring that the individual legal entities and the Group as a whole achieve the maximum possible income from the existing positions through proactive management of interest risk hedges. The main financial instruments to manage risk hedges are derivative contracts, i.e. interest rate options and Interest Rate Swaps.

Control System

Independent level 2.2 control on the system for the management of interest rate risk is performed by the Risk Management and Permanent Controls Department of Crédit Agricole Italia,by verifying the system compliance with the internal model of Crédit Agricole S.A..

Specifically, within its responsibilities, the Risk Management and Permanent Controls Department:
- Independently verifies compliance with the limits and alter thresholds provided for by the RAF and by the Risk Strategy; it also expresses its prior opinion in case of any changes to the approaches and methods used by the Finance Department, while reporting on them to the ALM Committee and to the Risk and Internal Control Committee;
- Submits the outcomes of its verifications to the Controlling Company on a monthly basis and, in case of breach of any one of the limits and alert thresholds set in the Risk Strategy and/or locally by the ALM Committee, it triggers the alert procedure, with a specific escalation measure depending on the type of breach detected , and analyzes and approves the action plan proposed by the relevant corporate structures;
- Reports to the Boards of Directors of the single Banks of the Group and to the Risk and Internal Control Committee on any breached limits or thresholds, problems arisen and compliance with the Risk Strategy.

The Risk Management and Permanent Controls Department is responsible for level 2.2. control on compliance with the set limits; therefore, on a monthly basis, it prepares and sends its Financial Risk Report to the Corporate Bodies, which provides information on the control outcomes and on any breaches of limits, and activates, where required, the appropriate alert procedures. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to the Boards of Directors of all the Entities of the Crédit Agricole Italia Banking Group.

Risk measurement: methodological aspects

The model for the measurement of global interest rate risk provides for an analysis of the contractual profile (cash flow generation by maturity), of all balance-sheet items and, where appropriate, for the “modeling” of other balance sheet items that, in terms of asset stability and responsiveness to changes in market interest rates, are among the items that are sensitive to interest rate risk for the Entities of the Group. Specifically, for interest rate risk analysis, the following elements are identified:
- Fixed-rate Term loans (with contractually defined term);
- Floating-rate term loans (with contractually defined term) for the portion with an already established rate;
- Balance-sheet items modelled in accordance with Crédit Agricole S.A. methodological guidelines;
- Balance-sheet items “modelled” in accordance with a statistical analysis able to differentiate a part stable over time by volume and, within it, the component linked to the market (floating-rate part) and the “core” part (fixed-rate one);
- Balance-sheet items modelled in accordance with specific management rules set by the relevant corporate structures of Crédit Agricole Italia (local models);
- Loans with optional contents.

As regards price risk for the Banking Book, global limits have been set, based on the type of instruments that can be held, which are expressed with reference to indicators, such as the balance sheet notional value and fair value, along with the outcomes of the management for stress testis on the relevant perimeter.

QUANTITATIVE DISCLOSURES

1. BANKING BOOK: BREAKDOWN BY RESIDUAL MATURITY (BY REPRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES

Euro

Type/Remaining maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**24,025,376**	**27,673,471**	**2,141,545**	**2,286,605**	**10,826,020**	**6,765,934**	**11,019,078**	**-**
1.1 Debt securities	-	1,474,873	84,316	622,765	4,487,279	1,697,711	715,784	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	1,474,873	84,316	622,765	4,487,279	1,697,711	715,784	-
1.2 Loans to banks	11,212,169	644,676	5,848	40,149	642	-	-	-
1.3 Loans to customers	12,813,207	25,553,922	2,051,381	1,623,691	6,338,099	5,068,223	10,303,294	-
- c/a	990,271	868,631	36,377	19,001	37,607	2,157	1,164,762	-
- other loans	11,822,936	24,685,291	2,015,004	1,604,690	6,300,492	5,066,066	9,138,532	-
- with early repayment option	3,449	665,604	205,485	43,105	95,519	2,719	37	-
- other	11,819,487	24,019,687	1,809,519	1,561,585	6,204,973	5,063,347	9,138,495	-
2. On-balance-sheet liabilities	**58,187,570**	**7,298,628**	**1,466,816**	**2,292,411**	**4,274,216**	**4,221,126**	**4,398,475**	**-**
2.1 Due to customers	58,142,629	306,717	14,526	30,129	230,783	221,606	2,646,601	-
- c/a	54,088,431	300,041	-	-	-	-	2,598,300	-
- Other due and payables	4,054,198	6,676	14,526	30,129	230,783	221,606	48,301	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	4,054,198	6,676	14,526	30,129	230,783	221,606	48,301	-
2.2 Due to banks	42,508	4,892,337	171,989	13	40,973	178	67	-
- c/a	6,850	-	-	-	-	-	-	-
- Other due and payables	35,658	4,892,337	171,989	13	40,973	178	67	-
2.3 Debt securities	2,433	2,099,574	1,280,301	2,262,269	4,002,460	3,999,342	1,751,807	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	2,433	2,099,574	1,280,301	2,262,269	4,002,460	3,999,342	1,751,807	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**165,026**	**35,741,469**	**775,363**	**2,993,438**	**15,641,204**	**10,014,446**	**7,308,676**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	165,026	35,741,469	775,363	2,993,438	15,641,204	10,014,446	7,308,676	-
- Options	26	55,742	150,363	245,546	2,381,328	989,112	1,031,676	-
+ long positions	26	25,051	74,663	120,285	1,191,004	496,436	519,430	-
+ short positions	-	30,691	75,700	125,261	1,190,324	492,676	512,246	-
- Other derivatives	165,000	35,685,727	625,000	2,747,892	13,259,876	9,025,334	6,277,000	-
+ long positions	140,000	8,961,787	575,000	2,211,227	10,148,900	8,110,000	3,746,000	-
+ short positions	25,000	26,723,940	50,000	536,665	3,110,976	915,334	2,531,000	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

Other currencies

Type/Remaining maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**87,178**	**318,912**	**14,473**	**17,330**	**15,896**	**203**	**1**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	78,052	247,780	-	1,020	-	-	-	-
1.3 Loans to customers	9,126	71,132	14,473	16,310	15,896	203	1	-
- c/a	5,096	23	17	36	6	-	1	-
- other loans	4,030	71,109	14,456	16,274	15,890	203	-	-
- with early repayment option	-	32,307	4,687	2,206	-	-	-	-
- other	4,030	38,802	9,769	14,068	15,890	203	-	-
2. On-balance-sheet liabilities	**384,521**	**63,138**	**5,729**	**2,127**	**-**	**-**	**-**	**-**
2.1 Due to customers	374,340	3,662	1,538	2,127	-	-	-	-
- c/a	373,393	3,662	1,538	2,127	-	-	-	-
- Other due and payables	947	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	947	-	-	-	-	-	-	-
2.2 Due to banks	10,181	59,476	4,191	-	-	-	-	-
- c/a	10,181	-	-	-	-	-	-	-
- Other due and payables	-	59,476	4,191	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**-**	**3,463**	**1,432**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	2,373	75	-	-	-	-	-
+ short positions	-	1,090	1,357	-	-	-	-	-

2.3 FOREIGN EXCHANGE RISK

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of foreign exchange risk

General aspects

Crédit Agricole Italia is not engaged in proprietary trading on the currency market. Consequently, there are no exposures other than residual positions resulting from activities carried out to meet customer requirements, in both the spot and forward markets.

Organisational aspects

The process for the management of foreign exchange risks is governed by the relevant risk policy, which is one of the key components of the overall risk governance model implemented by the Group, consistently with the guidelines given by Crédit Agricole S.A..

Within the process for foreign exchange risk management, primary responsibility is assigned to corporate bodies/departments, according to their respective scopes, and they must be fully aware of the Bank's level of exposure. Specifically:

- The Board of Directors is tasked with strategic oversight and is therefore responsible for defining risk governance policies and management processes;
- The Co-General Manager, through the Capital Market & Open Innovation Division, is responsible for risk management, and, therefore, defines and steers the Group's mechanism for the management of exchange rate risk, in compliance with the instructions and resolutions issued by the ALM Committee and by the Risk and Internal Control Committee;
- The Risk Management and Permanent Controls Department is responsible for level 2.2 control. It verifies the corporate risk management process and supervises compliance of foreign exchange risk treatment with the applicable legislation in force and with the Group risk strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is designed to control that operations are performed in compliance with the management and strategic directions set by the Top Management.

The Group's framework system for foreign exchange risk is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The global limit is set in order to ensure a controlled development of the business. It is calculated as the sum of the value in Euro of the open foreign currency position (in absolute value) for each currency and is validated by the Group Risk Committee (CRG) of Crédit Agricole S.A. and approved by the Board of Directors of Crédit Agricole Italia and implemented by the single entities of the Group.

Control System

The monitoring of the limits, which is carried out on a daily basis, is a task assigned to the Risk Management and Permanent Controls Department. The outcomes of monitoring on limits are included in the monthly Report on Financial Risks. It is sent to the Group's Top Management (CFO), to the structures engaged in foreign exchange risk management (Corporate Banking Department), to the Internal Audit Department and to Crédit Agricole S.A. (*Direction Risques Groupe*).

A summary of this report is the basis for quarterly reporting on foreign exchange risks to the Group's Executive and Control collective Bodies (Risk and Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are breached, there are material changes in markets, material losses, etc.), the Group triggers the alert procedure in force, reporting the event and the related remedial action plan to the Top Management Bodies and to the *Direction Risques Groupe* of Crédit Agricole S.A., depending on the type of breach.

B. Foreign exchange risk hedging

Foreign exchange risk hedging is based on the intermediation principle, which allows the Group not to take foreign exchange risk positions breaching the authorized operational limits. Back-to-back hedging transactions are carried out with authorized financial counterparties, are traded upon the closing of the relevant transactions with Customers and entered in the relevant procedures within the business day.

QUANTITATIVE DISCLOSURES

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	USD	GBP	JPY	CAD	CHF	Other currencies
A. Financial Assets	**372,627**	**30,229**	**16,338**	**4,828**	**15,359**	**13,841**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	32	-	-	-	-	-
A.3 Loans to banks	262,120	28,963	15,970	4,098	4,401	11,299
A.4 Loans to Customers	110,475	1,266	368	730	10,958	2,542
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**13,647**	**1,666**	**274**	**368**	**1,584**	**1,372**
C. Financial Liabilities	**375,900**	**31,889**	**16,570**	**4,985**	**16,042**	**10,127**
C.1 Due to banks	65,293	1,740	-	1,038	1,409	4,367
C.2 Due to customers	310,607	30,149	16,570	3,947	14,633	5,760
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**7,003**	**200**	**3**	**141**	**472**	**4,762**
E. Financial derivatives						
- Options						
+ long positions	1,135	325	11	12	-	2
+ short positions	1,135	325	11	12	-	2
- Other derivatives						
+ long positions	491,895	46,535	15,886	10,498	4,190	93,840
+ short positions	496,047	46,560	15,944	10,449	4,530	93,748
Total assets	**879,304**	**78,755**	**32,509**	**15,706**	**21,133**	**109,055**
Total liabilities	**880,085**	**78,974**	**32,528**	**15,587**	**21,044**	**108,639**
Mismatch (+/-)	**-781**	**-219**	**-19**	**119**	**89**	**416**

Section 3 – Derivatives and hedging policies

3.1 DERIVATIVE INSTRUMENTS HELD FOR TRADING

A. Financial Derivatives

A.1 FINANCIAL DERIVATIVES HELD FOR TRADING: CLOSING NOTIONAL VALUES

Underlying assets/ Type of derivatives	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**6,339,679**	**5,448,554**	**-**	**-**	**6,006,135**	**5,988,512**	**-**
a) Options	-	1,226,830	1,001,302	-	-	1,082,396	1,044,397	-
b) Swaps	-	5,112,849	4,447,252	-	-	4,923,739	4,944,115	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	**-**	**797,659**	**760,782**	**-**	**-**	**802,572**	**865,562**	**-**
a) Options	-	157,036	158,077	-	-	114,126	114,126	-
b) Swaps	-	78,786	19,518	-	-	74,028	74,028	-
c) Forwards	-	561,837	583,187	-	-	614,418	677,408	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**7,137,338**	**6,209,336**	**-**	**-**	**6,808,707**	**6,854,074**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR TRADING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

Underlying assets/ Type of derivatives	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Positive fair value								
a) Options	-	27,270	3,765	-	-	52,770	3,226	-
b) Interest rate swaps	-	132,335	21,665	-	-	252,465	3,098	-
c) Cross currency swaps	-	543	-	-	-	1,231	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	7,543	5,153	-	-	9,322	8,876	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	21	106	-	-	720	186	-
Total	**-**	**167,712**	**30,689**	**-**	**-**	**316,508**	**15,386**	**-**
2. Negative fair value								
a) Options	-	7,187	23,542	-	-	3,240	51,794	-
b) Interest rate swaps	-	35,188	119,356	-	-	3,895	250,192	-
c) Cross currency swaps	-	543	-	-	-	-	1,229	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	5,008	7,298	-	-	7,745	10,071	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	99	20	-	-	178	705	-
Total	**-**	**48,025**	**150,216**	**-**	**-**	**15,058**	**313,991**	**-**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

Underlying assets	Central counterparties	Banks	Other financial companies	Others
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional value	X	-	126,422	5,322,132
- positive fair value	X	-	1,392	22,302
- negative fair value	X	-	1,677	140,629
2) Equity securities and equity indices				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold				
- notional value	X	19,510	-	741,271
- positive fair value	X	72	-	6,923
- negative fair value	X	82	-	7,828
4) Commodities				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional value	-	5,901,423	156,488	281,768
- gross positive fair value	-	154,387	2,566	2,065
- gross negative fair value	-	29,944	3,213	7,475
2) Equity securities and equity indices				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold				
- notional value	-	762,143	-	35,516
- gross positive fair value	-	8,696	-	-
- gross negative fair value	-	6,748	-	644
4) Commodities				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other				
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.2 REMAINING MATURITY OF OTC FINANCIAL DERIVATIVES HELD FOR TRADING: NOTIONAL VALUES

Underlying asset/remaining maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	5,830,566	5,485,553	472,115	11,788,234
A.2 Financial derivatives on equity securities and equity indicesi	-	-	-	-
A.3. Financial derivatives on foreign exchange rates and gold	1,417,967	140,473	-	1,558,440
A.4 Financial Derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2023	**7,248,533**	**5,626,026**	**472,115**	**13,346,674**
Total 31 Dec. 2022	**5,511,171**	**7,352,129**	**799,481**	**13,662,781**

3.2 ACCOUNTING HEDGES

QUALITATIVE DISCLOSURES

A. Fair Value hedging

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the yield curve.

The main financial instruments for the management of interest risk hedges are Interest Rate Swaps and Interest Rate OPtions, which, for their very nature, are contracts referring to "pure" interest rate risk.

Specifically, fixed-rate debenture loans have been hedged (micro-hedging), as have the mortgage loans with optional components to Customers (macro-hedging), government securities (micro- hedging), current accounts and fixed-rate mortgage loans in the macro-hedging portfolio.

In compliance with the financial reporting standards, the effectiveness of the hedges is assessed by the Finance Department, which carries out the relevant tests on a monthly basis and keeps formal documentation for every hedge.

B. Cash flow hedging

In 2023, no Cash Flow Hedge transactions were carried out.

D. Hedging instruments

Crédit Agricole Italia hedges interest rate risk resulting from some parts of its balance sheet items under fair value hedging, with the following instruments:

- IRS, both for micro-hedging (Issued Debenture Loans and Securities under assets), and for macro-hedging (modelled Retail Current Accounts under liabilities and fixed-rate mortgage loans to Customers);
- IRO, in macro-hedging, to hedge optional risk resulting from CAP options associated with a part of mortgage loans sold to Customers.

A source of ineffectiveness set for all the types of hedging used is the possible early repayment of the hedged item. Moreover, for hedging with IRS, also any possible sudden and material change in the Euribor rates, entailing the breach of the tolerance threshold set by IAS 39 for the hedge ratio (80%/125%), could be a cause of possible ineffectiveness. Lastly, as regards hedging of "modelled" items, a change in the model's financial characteristics, subsequent to the periodic review of the models, could also be yet another cause of ineffectiveness.

Over time, ineffectiveness resulting from early or from the periodic review of the models (reduction in the modelled item duration) has been overcome with total or partial unwinding of the hedging instruments.

E. Hedged items

Hedging of issued (fixed-rate) Debenture Loans

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalizes the debenture loan rate and the variable-rate leg is determined as Euribor +/- spread.

The spread on the variable-rate leg of the IRS is included in the hedging relationship, inverting its sign, as "spread adjustment" of the hedged item (debenture loan rate +/- spread adjustment). In this way, based on the assumption that the two legs of the IRS, on the trading date, have the same value and knowing that an IRS contract hedges interest rate risk only, the value of the "hedged item" referring to every debenture loan can be determined, or the only part of the debenture loan interest rate referring to the hedged risk (interest rate risk).

Hedging of Securities recognized as Assets (fixed rate)

The hedged item is limited to portion referring to interest rate risk. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor and the fixed-rate leg equalizes the swap market rate with maturity equal to the security maturity.

Hedging of Securities recognized as Assets (inflation-linked)

The hedged item is limited to the portion referring to fixed-rate plus the principal periodic revaluation based on inflation. Hedging is done with IRSs in which the variable-rate leg is determined as Euribor with spread adjustments and the fixed-rate leg equalizes the security rate.

Hedging of the fixed-rate part of Retail Current Accounts recognized as Liabilities

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRS in which the fixed-rate leg equalized the rate of a "fictitious" bond-equivalent designed to identify the hedged item resulting from the modelling of a balance-sheet item (a set of current accounts) that, in contractual terms only, would not allow to separate the characteristics required for the hedging, and the variable-rate leg is determined as 3Euribor. The value of the hedged rate and the duration of this bond-equivalent are determined with a modelling process that is specific to the Retail channel and is reviewed on a yearly basis and validated by the relevant structures of the Bank. Through a statistical analysis, the model breaks down a set of current accounts featuring the same behavioural aspects and product type (Retail current accounts under liabilities), into its different financial parts: stable part by volume (fixed-rate or variable-rate), and fluctuating part. The hedged part is the stable fixed-rate one.

Hedging of the CAP option on mortgage loans (variable rate)

The hedged item is limited to portion referring to interest rate risk. Hedging uses IRO traded in order to hedge the risk that a variable-rate mortgage loan contract, once having reached its CAP, becomes a fixed-rate item, with subsequent increase in the Bank's financial leverage; Every IRO is specifically traded in order to hedge portfolios of mortgage loans having the same financial characteristics (strike, market parameter, payment schedule, ...). In this way, the Bank achieves its objective of having essential specularity between the characteristics of the implied CAP rates of the mortgage loans and those of the IRO hedging them.

Hedging of fixed-rate mortgage loans

The hedged item is limited to the portion referring to interest rate risk only and is an aggregate of mortgage loans having the appropriate financial features (set based on the approach accepted for this specific hedge. Once having defined the financial characteristics of the item to be hedged for interest rate risk, it is hedge "at par", i.e. with the swap market rate on the IRS fixed-rate leg, equal to the meta mortgage loan maturity,which, on the trade date, equalizes the value of 3Euribor applied to the variable-rate leg.

QUANTITATIVE DISCLOSURES

A. Financial derivatives held for hedging

A.1 FINANCIAL DERIVATIVES HELD FOR HEDGING: CLOSING NOTIONAL VALUES

Underlying assets/ Type of derivatives	Total 31 Dec. 2023				Total 31 Dec. 2022			
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements	
1. Debt securities and interest rates	**-**	**36,497,016**	**-**	**-**	**-**	**42,328,887**	**-**	**-**
a) Options	-	2,604,101	-	-	-	2,699,795	-	-
b) Swaps	-	33,892,915	-	-	-	39,629,092	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Foreign exchange and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**36,497,016**	**-**	**-**	**-**	**42,328,887**	**-**	**-**

A.2 FINANCIAL DERIVATIVES HELD FOR HEDGING: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT

Type of derivatives	Positive and negative fair value								Change in value used to survey hedge effectiveness	
	Total 31 Dec. 2023				Total 31 Dec. 2022					
	Over-the-Counter			Organized markets	Over-the-Counter			Organized markets	Total 31 Dec. 2023	Total 31 Dec. 2022
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting arrangements	Without netting arrangements			With netting arrangements	Without netting arrangements			
1. Positive fair value										
a) Options	-	255,770	-	-	-	364,802	-	-	255,770	364,802
b) Interest rate swaps	-	607,877	-	-	-	953,845	-	-	607,877	953,845
c) Cross currency swap	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**863,647**	**-**	**-**	**-**	**1,318,647**	**-**	**-**	**863,647**	**1,318,647**
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	2,139,540	-	-	-	3,815,534	-	-	2,139,540	3,815,534
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**2,139,540**	**-**	**-**	**-**	**3,815,534**	**-**	**-**	**2,139,540**	**3,815,534**

A.3 OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Others
Contracts not included in netting agreements				
1) Debt securities and interest rates	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Foreign exchange and gold	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Commodities	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates	**-**	**39,500,202**	**-**	**-**
- notional value	-	36,497,015	-	-
- gross positive fair value	-	863,647	-	-
- gross negative fair value	-	2,139,540	-	-
2) Equity securities and equity indices	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
3) Foreign exchange and gold	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
4) Commodities	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- gross positive fair value	-	-	-	-
- gross negative fair value	-	-	-	-

A.4 REMAINING MATURITY OF OTC FINANCIAL DERIVATIVES HELD FOR HEDGING: NOTIONAL VALUES

Underlying asset/Remaining maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	5,330,705	13,261,184	17,905,126	36,497,015
A.2 Financial derivatives on equity securities and equity indices	-	-	-	-
A.3. Financial derivatives on foreign exchange rates and gold	-	-	-	-
A.4 Financial Derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31 Dec. 2023	**5,330,705**	**13,261,184**	**17,905,126**	**36,497,015**
Total 31 Dec. 2022	**7,746,477**	**17,680,181**	**16,902,229**	**42,328,887**

D. Hedged items

D.1 FAIR VALUE HEDGES

	Micro-hedges: book value	Micro-hedges – net positions: book value of assets and liabilities (before netting)	Micro-hedges			Macro-hedges: book value
			Cumulative changes In the fair value of the hedged item	Termination of hedging: cumulative amount of residual fair value changes	Change in value used to survey hedge effectiveness	
A. ASSETS						
1. Financial assets measured at fair value through other comprehensive income - hedging of:	**1,532,253**	**-**	**-97,941**	**-20,372**	**-**	
1.1 Debt securities and interest rates	1,532,253	-	-97,941	-20,372	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
2. Financial assets measured at amortized cost – hedging of:	**3,906,355**	**-**	**-46,804**	**-137,552**	**-**	
1.1 Debt securities and interest rates	3,893,630	-	-47,345	-137,552	-	X
1.2 Equity securities and equity indexes	-	-	-	-	-	X
1.3 Foreign exchange and gold	-	-	-	-	-	X
1.4 Loans	12,725	-	541	-	-	X
1.5 Other	-	-	-	-	-	X
Total 31 Dec. 2023	**5,438,608**	**-**	**-144,745**	**-157,924**	**-**	**-**
Total 31 Dec. 2022	**13,210,631**	**-**	**-518,392**	**6,565**	**-**	**-**
B. LIABILITIES						
1. Financial liabilities measured at amortized cost- hedging of:						
1.1 Debt securities and interest rates	8,931,232	-	-1,013,982	-9,078	-	X
1.2 Foreign exchange and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
Total 31 Dec. 2023	**8,931,232**	**-**	**-1,013,982**	**-9,078**	**-**	**-**
Total 31 Dec. 2022	**7,754,910**	**-**	**-1,494,249**	**947**	**-**	**-**

3.3 OTHER INFORMATION ON DERIVATIVE INSTRUMENTS (HELD FOR TRADING AND FOR HEDGING)

A. Financial and credit derivatives

A.1 OTC FINANCIAL AND CREDIT DERIVATIVES: NET FAIR VALUES BY COUNTERPARTY

	Central counterparties	Banks	Other financial companies	Others
A. Financial Derivatives				
1) Debt securities and interest rates	**-**	**45,585,956**	**291,757**	**5,776,371**
- notional value	-	42,398,438	282,910	5,603,900
- positive fair value	-	1,018,034	3,957	24,367
- negative fair value	-	2,169,484	4,890	148,104
2) Equity securities and equity indices	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Foreign exchange and gold	**-**	**797,250**	**-**	**792,182**
- notional value	-	781,653	-	776,787
- positive fair value	-	8,767	-	6,923
- negative fair value	-	6,830	-	8,472
4) Commodities	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
B. Credit derivatives				
1) Purchase and protection	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Sale and protection	**-**	**-**	**-**	**-**
- notional value	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

Section 4 – Liquidity risk

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of liquidity risk

General and organisational aspects

Liquidity risk reflects the possibility that Crédit Agricole Italia may not be able to meet its payment commitments, both expected and unexpected, without prejudicing its daily operations or its financial position. This risk is managed based on the following components:

- Management of short-term liquidity: its objective is to ensure the balance between incoming and outgoing liquidity flows, in the perspective of continuously supporting normal banking operations;
- Management of structural liquidity: its objective is to maintain the balance between total liabilities and medium-/long-term assets.

The liquidity risk management model, approved by Crédit Agricole Italia Board of Directors, is based on the principle of separation of liquidity management and measurement processes from control processes, in compliance with the regulatory requirements and with the guidelines issued by Crédit Agricole S.A.

The model provides for the governance and management of liquidity risk to be centrally performed by the Parent Company Crédit Agricole Italia, which is also responsible for the funding process of all the entities of the Group. This framework is defined as the "Liquidity System".

The model lays down the responsibilities of the Corporate Bodies and Functions Holders involved, specifically:

- The Board of Directors, the body in charge of strategic oversight, is responsible for defining governance policies, the organizational structure and management processes. Specifically, it approves measurement methods, risk tolerance thresholds and the limits system, the assumptions at the basis of stress tests and the Contingency Funding Plan (CFP or *Plan d'Urgence*).
- The CFO, through the Finance Department, is the role responsible for management and, specifically, for the preparation of the reporting to the Bank of Italy, as well as of internal reporting on the Group's liquidity situation (Liquidity Report). The Finance Department operates in compliance with the directions set by the ALM Committee, the Risk and Internal Control Committee, the RAF and the Risk Strategy.
- The Risk Management and Permanent Controls Department is responsible for the permanent controls framework, verifies compliance with global and operational limits, as well as with alert thresholds, prepares the reporting to corporate Bodies and triggers, where required, the alert procedures. Jointly with the Finance Department, it is also responsible for monitoring the ratios and indicators provided for in the Contingency Funding Plan.

The process for the management of liquidity risk is governed by the relevant risk policy.

Risk management and control: methodological aspects

The model adopted for liquidity risk management is based on the monitoring of the short-term component (up to 12 months) and the medium/long-term one.

The main objective of the short-term liquidity management process is to ensure that Crédit Agricole Italia is able to meet its on-balance-sheet payment commitments, expected and unexpected, in such a way as not to prejudice normal business operations.

A key condition for achieving this objective is to constantly maintain sufficient balance between incoming and outgoing liquidity flows.

The liquidity risk monitoring system considers the following factors:

- Keeping immediate liquidity, i.e. the net balance of customer sources, surplus own funds and loans to customers. This is carried out by recognizing cash inflows and outflows expected in the various ranges of remaining maturity making up the maturity ladder;
- The continuation of the business activity at a planned pace (monitoring the performance of liquidity used in loans to customers/from customer sources).

An essential aspect of liquidity management is the definition of an interbank short-term refinancing limit (LCT - *Limite Court Terme*), which is fine-tuned in accordance with the guidelines given by the Parent Company Crédit Agricole S.A., aimed at limiting short-term funding on the market over a one-year time horizon in a market featuring stress conditions. Furthermore, in order to strengthen the Group's liquidity management, effective as of March 2023 Crédit Agricole S.A. as set an alert threshold on the *Deficit Crédit Collecte* (DCC) indicator, which ensures appropriate coverage of loans to customers through funding from customers.

Short-term liquidity risk management and oversight policies aim at ensuring the surmounting of any crisis that leads to serious reduction in the Bank's normal financing sources; in this regard, three stress scenarios have been identified:

- Systemic crisis: a situation that leads to partial closure of the short-term and medium-/long-term refinancing market, with continuing business operations. The Group must be able to continue operations for a time horizon of one year;
- Idiosyncratic crisis: a situation that leads to a bank run, partial closure of the short-term market and total closure of the medium-/long-term market with continuing business operations. In this scenario, the Group must be able to continue operations for a time horizon of three months;
- Global crisis: a situation having the combined features of both a systemic crisis and an idiosyncratic crisis, in terms of substantial bank run, total closure of the markets, use of reserves even though with write-downs. The Group must be able to continue business operations in a serious crisis for a time horizon of one month.

Within Short-Term Liquidity Risk monitoring, on a monthly basis Crédit Agricole Italia calculates its Liquidity Coverage Ratio (LCR= Stock of high quality liquid assets/Total net cash outflows in the subsequent 30 calendar days). The LCR is a 30-day horizon ratio that simulates the combination of a systemic crises and an idiosyncratic one and measures the ability of the stock of liquid assets to ensure coverage of expected net cash outflows in the subsequent 30 calendar days.

As at 31 December 2023, the Liquidity Coverage Ratio (LCR) of Crédit Agricole Italia was 244%, once again firmly above the set compliance requirements.

Medium-/long-term liquidity management entails the identification of alert thresholds and limits by determining the Position en Resources Stables (Stable Resources Position, PRS[21]) and Concentration des échéances MLT (concentration limit to MLT maturities) indicators. They aim at ensuring the Group's financial balance between stable resources (medium-/long-term market resources, funding from Customers, own funds) and long-term uses (non-current assets, loans to Customers, medium/long-term market uses and liquidity buffers), as well as at limiting concentration of maturities within medium-/long-term funding. Positive levels of the Stable Resources Position (PRS) substantiate the Group's ability to support its assets during a crisis and, by monitoring the medium-/long-term due register, a balance can be kept between the maturities of resources and long-term uses.

The liquidity ratios, except for the NSFR, are calculated on a monthly basis. These ratios and indicators have the purpose of monitoring compliance with the Group's risk appetite and are benchmarked against specific global limits laid down by Crédit Agricole S.A. and approved by the Group Risk Committee, upon presentation of the Risk Strategy and then submitted to the Board of Directors of the Parent Company Crédit Agricole Italia for its approval.

Within its medium/long-term Liquidity Risk monitoring, Crédit Agricole Italia calculated its Net Stable Funding Ratio (NSFR) on a quarterly basis. The ratio, which shall be higher than100%, has the Available Stable Funding (ASF) figure as the numerator and the Required Stable Funding (RSF) figure as the denominator.

As at 31 December 2023, the Liquidity Coverage Ratio (NSFR) of Crédit Agricole Italia was 135.98%, once again firmly above the set compliance requirements.

The Bank also monitors its intraday liquidity risk through a set of specific indicators that were developed in coordination with its Parent Company and are calculated on a weekly basis.

The limit structure is completed by other management and alert indicators provided for in the Contingency Funding Plan. Diversification of the Group's refinancing sources through Covered Bonds placed in the market

21 Net of TLTROIII loans and of the High-Quality Liquid Assets (HQLA) securities pledged as collateral.

continued in 2023. In this regard, Crédit Agricole Italia made two issues of Covered Bonds on the market for a total amount of 1,400 million Euros, of which 1,000 million Euros in 7-year CB issued in June 2023 and 400 million Euros in 5-year CB issued in October 2023 and fully subscribed by the European Investment Bank (EIB). With these transactions, Crédit Agricole Italia aims at improving its liquidity profile diversifying financing sources and stabilizing them on longer maturities.

Furthermore, within the ECB Targeted Longer-Term Refinancing Operations,(TLTRO) programme, between December 2019 and March 2021, Crédit Agricole Italia participated in the ECB TLTRO III. In the reporting period, an amount of Euro 6,000 million was repaid and, as at 31 December 2023, the remaining outstanding amount was of Euro 3,500 million maturing in March 2024.

Lastly, in marketing the products of the Group's Companies, the internal transfer rate system takes account of the cost of liquidity. Based on the products' financial features and on the prevailing market conditions, the system allows the internal return rate to be determined, which, in turn, is the basis for the pricing of lending and direct funding products. Specifically, following the change in the interest rate scenario occurred in the year, the Bank resumed the placement of senior bonds with Customers.

Risk control

The Risk Management and Permanent Controls Department is responsible for verifying compliance with the set limits; therefore it prepares its own Financial Risk Report on a monthly basis and sends it to relevant corporate bodies, informing them of the control outcomes and of any breaches of the limits or alert thresholds and, in case any limits or thresholds are breached, it asks the Finance Department for a recovery plan. On a quarterly basis, it submits a summary of the above Report to the Risk and Internal Control Committee and to Crédit Agricole Italia Boards of Directors. Lastly, in case any limits are breached, the Risk Management and Permanent Controls Department shall inform, through the Alert Procedure in force, the relevant Top Bodies of the Group and the relevant structures of Crédit Agricole SA., depending on the type of breach detected. Jointly with the Finance Department, the Risk Management and Permanent Controls Department is also responsible for monitoring the ratios/indicators provided for in the Contingency Funding Plan (CFP).

The CFP of the Crédit Agricole Italia Banking Group is approved by the Board of Directors of Crédit Agricole Italia and applies to all the legal entities within the liquidity risk monitoring perimeter.

DISCLOSURE

The document "Disclosure" (Basel III Third Pillar) referring to 31 December 2023 is published on the Group's website https://gruppo.credit-agricole.it/bilanci-Italia.

It is pointed out that the Crédit Agricole Italia Banking Group is controlled by a parent company based in the EU and, therefore, the conditions laid down in Part One, Title II, Chapter 2, Article 13, Paragraph 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) as amended (CRR 2 - Regulation (EU) 2019/876 on "Application of disclosure requirements on a consolidated basis" are met.

QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets and liabilities by residual contract maturity

Euro

Items/Time brackets	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets	**14,233,547**	**328,719**	**350,750**	**1,690,983**	**3,058,648**	**3,218,168**	**7,671,245**	**25,974,787**	**29,857,450**	**629,141**
A.1 Government securities	502	-	7,608	823,580	655,541	154,860	652,934	4,426,008	1,699,503	-
A.2 Other debt securities	35	172	19	7,539	172	1,220	20,164	25,709	755,893	147
A.3 Units of o.I.C.R. collective investment undertakings	145,865	-	-	-	-	-	-	-	-	-
A.4 Loans	14,087,145	328,547	343,123	859,864	2,402,935	3,062,088	6,998,147	21,523,070	27,402,054	628,994
- banks	11,030,456	2,067	3,065	2,428	58,345	6,050	389,407	150,652	-	628,994
- customers	3,056,689	326,480	340,058	857,436	2,344,590	3,056,038	6,608,740	21,372,418	27,402,054	-
On-balance-sheet liabilities	**59,995,528**	**319,693**	**93,579**	**125,754**	**3,970,507**	**1,216,657**	**3,234,620**	**6,990,464**	**6,524,437**	**-**
B.1 Deposits and current accounts	59,227,194	303,345	4,252	5,836	13,910	231,898	767,492	41,003	-	-
- banks	29,082	-	-	-	-	-	-	40,842	-	-
- customers	59,198,112	303,345	4,252	5,836	13,910	231,898	767,492	161	-	-
B.2 Debt securities	230,562	15,965	89,327	118,163	430,619	939,168	2,381,369	5,913,449	5,775,000	-
B.3 Other liabilities	537,772	383	-	1,755	3,525,978	45,591	85,759	1,036,012	749,437	-
Off-balance-sheet transactions	**399,909**	**114,313**	**97,168**	**227,929**	**511,223**	**678,468**	**1,040,013**	**1,308,610**	**402,012**	**-**
C.1 Financial derivatives with exchange of principal	-	112,812	66,612	172,781	269,647	313,326	286,243	88,610	-	-
- long positions	-	58,622	33,296	86,377	134,790	156,624	143,055	44,276	-	-
- short positions	-	54,190	33,316	86,404	134,857	156,702	143,188	44,334	-	-
C.2 Financial derivatives without exchange of capital	399,909	1,501	30,556	55,148	241,576	365,142	753,770	1,220,000	402,012	-
- long positions	199,902	1,415	22,249	31,442	60,176	91,395	287,954	610,000	201,006	-
- short positions	200,007	86	8,307	23,706	181,400	273,747	465,816	610,000	201,006	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Other currencies

Items/Timeframe	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	Over 5 years	Indefinite maturity
On-balance-sheet assets	**11,301**	**425**	**-**	**-**	**1,864**	**-**	**-**	**178**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units of o.I.C.R. collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	11,301	425	-	-	1,864	-	-	178	-	-
- banks	11,299	-	-	-	-	-	-	-	-	-
- customers	2	425	-	-	1,864	-	-	178	-	-
On-balance-sheet liabilities	**5,761**	**3,784**	**586**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	5,666	3,784	586	-	-	-	-	-	-	-
- banks	-	3,784	586	-	-	-	-	-	-	-
- customers	5,666	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	95	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**44**	**32,575**	**1,832**	**14,754**	**36,084**	**46,628**	**32,696**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	32,223	1,832	14,754	36,084	46,628	32,696	-	-	-
- long positions	-	16,157	916	7,377	18,042	23,314	16,348	-	-	-
- short positions	-	16,066	916	7,377	18,042	23,314	16,348	-	-	-
C.2 Financial derivatives without exchange of capital	44	-	-	-	-	-	-	-	-	-
- long positions	23	-	-	-	-	-	-	-	-	-
- short positions	21	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	352	-	-	-	-	-	-	-	-
- long positions	-	176	-	-	-	-	-	-	-	-
- short positions	-	176	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Section 5 – Operational risks

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of operational risk

The Crédit Agricole Italia Banking Group has adopted the definition of operational risk given in "Basel 2 – International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risks, the Group has set clear objectives:

- To achieve full compliance with the requirements set by the Supervisory regulations for internal control systems (15th update of Bank of Italy's Circular No. 285/2013 as updated);
- To maintain constant full compliance of Crédit Agricole Italia with the regulatory requirements for the use of the Traditional Standardised Approach (TSA) and full compliance of the other banking entities of the Group with the requirements for the use of the Basic indicator approach (BIA) to calculate their regulatory capital;
- To constantly improve the monitoring of risks and losses, in order to allow a management- oriented approach, especially in terms of risk mitigation and prevention initiatives, as well as risk culture dissemination;
- Fine-tuning of the permanent controls systems and extension of the coverage of said controls within the company perimeter.

Macro-organisational aspects

Governance of the Group operational risks is the responsibility of the Risk Management and Permanent Controls Department of Crédit Agricole Italia, which implements the guidelines issued by the Risk Management Department of the Controlling Company Crédit Agricole S.A., and reports on a solid line to the latter.

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

In compliance with the supervisory regulations, the Group has formalized the roles and responsibilities of the corporate bodies and structures involved in the management of operational risks.

The governance model provides for:

- A centralized strategy for the control of operational risks;
- Close connections with the activities for permanent controls;
- Synergies with the Compliance Department and with the Internal Audit Department.

Risk management

The Group has adopted a model that is consistent with the guidelines issued by the Crédit Agricole Group and governed by the central department, which works with the well-established and complementary contributions, in its operating, management and mitigation activities, of specialized roles, departments and mechanisms:

- Operational Risk Manager (ORM or with the Italian acronym: MRO);
- Control on Outsourced Critical and Important Functions/Provision of Outsourced Essential Services and on Physical Security;
- MRSI (Manager des Risques SI), in charge of monitoring and control of IT risks on the Information System, on the Business Continuity Plan (BCP or with the Italian acronym PCO) and on physical security;
- CISO (Chief Information Security Officer), who is responsible for the security of corporate information;
- Information Security Manager (ISM): who is responsible for the implementation and management of the Information System operational security;
- Business Continuity Manager (BCM), who is responsible for the Group's Business Continuity Plan;

- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Structures, systems and tools, instrumental for proper risk control and for the management of mitigation/ improvement actions, including:
  - The Risk and Internal Control Committee;
  - The BCP (Business Continuity Plan) Interfunctional Unit;
  - The Supervisory Committee on IT Security and on BCP of the Parent Company Crédit Agricole S.A. (CSSCA, Supervisory Committee on Security and Business Continuity);
  - The system of permanent controls for the Commercial Network, together with early warning indicators;
  - Work Groups for Improvement.

The upgrading of the process for the management and control of operational risks to the guidelines issued by the Crédit Agricole Group consists of the macro-phases listed below:
- Detection, identification and classification of risks and losses and their recognition in the accounts where necessary;
- Assessment and measurement of the risk profile for every corporate environment;
- Identification of mitigation actions and preparation of the action plan;
- Verification of the adequacy of the control plan and increase in control points;
- Verification of actual implementation of controls;
- Verification of correct exercise of mitigation actions;
- information and reporting.

In the above phases, the following processes are also applied:
- Loss data collection (recording, classification and processing of loss data);
- Risk self-assessment ((self-assessment of the exposure to operational risks relating to the specific structures engaged in operating functions and the relevant processes);
- Direct involvement of corporate structures in collective assessment work groups (improvement, ...).

Each one of these processes entails information processing based on methods that are predefined, repeatable and formalized in the Company's normative instruments, as well as with the support of specific application tools.

Risk mitigation

The Crédit Agricole Italia Banking Group has implemented a policy for operational risk mitigation through:
- Specific self-assessment with three-year planning and assessment on a yearly basis (Risk Self-Assessment") aimed at designing an annual Action Plan containing all the initiatives that the owners of the various corporate processes have identified as required in order to mitigate the detected operational risks operational risks; the Action Plan is then submitted to the Board of Directors for approval;
- Implementation of the permanent controls plan, both within the Distribution Network and at Central Departments, in order to have the most critical processes fully under control;
- A fraud prevention system governed by the Compliance Department;
- Implementation of the framework for controlling and monitoring outsourced critical and important functions (CIF):
- Implementation of the framework for controlling and monitoring:
  - Physical security;
  - Business Continuity (BCP);
- Implementation of the function for control and monitoring of Information and Communication Technology (ICT) Risk.

Transfer of risk

The Structure in charge of Control on the Insurance Coverage is responsible for the process that governs the insurance polices covering the Group's insurable risks and for the definition of the regulations governing it.

The implemented insurance strategy provides – through specific policies – for the coverage of material events having exceptional nature and not for the coverage of recurring routine events having medium-low amounts (known as expected losses). It follows that the insurance policies in force cover events that are not frequent but that could have severe consequences, consistently with the insurance approach of the Crédit Agricole SA Group and in full compliance with the guidelines issued by the Regulator.

Where the outcomes of specific assessments prove it appropriate, the Structure in charge shall:

- Transfer insurable risks underwriting specific insurance policies, in order to mitigate the impact of any unexpected losses and in accordance with the best practices in the System;
- Coordinate with Crédit Agricole S.A., in order to ensure full consistency between the transfer strategy and the Group objectives;
- Exercise control on and provide support to the various corporate structures in outsourcing management, with specific focus on the outsourcing of Critical and Important Functions (CIF);
- Perform controls and specific analyses on the insurance policies underwritten by the Providers of Outsourced Important Operational Functions (FEI), in order to assess their adequacy to the risks associated with the outsourced essential services.

Risk management oversight and shared solutions

This is the specific task of the Group Risk and Internal Control Committee, composed of the main Corporate Function holders, which is responsible for:

- Approving guidelines and action plans on Operational Risks;
- Acknowledging the Loss Data Collection (LDC) outcomes;
- Monitoring control activities and outcomes, as well as periodically validating the mapping of operational risks;
- Governing Business Continuity for the Crédit Agricole Italia Banking Group;
- Monitoring and, if necessary, taking action on Information and Communication Technology (ICT) Risk for the Crédit Agricole Italia Banking Group, assessing the situation based on the periodic reporting made by the MRSI (*Manager des Risques SI*) and by the CISO (Chief Information Security Officer);
- Assessing the risk analyses of the essential services, that is to say CARITICAL OR Important Functions (CIF or with the Italian acronym FEII) for the Crédit Agricole Italia Banking Group.

Loss data

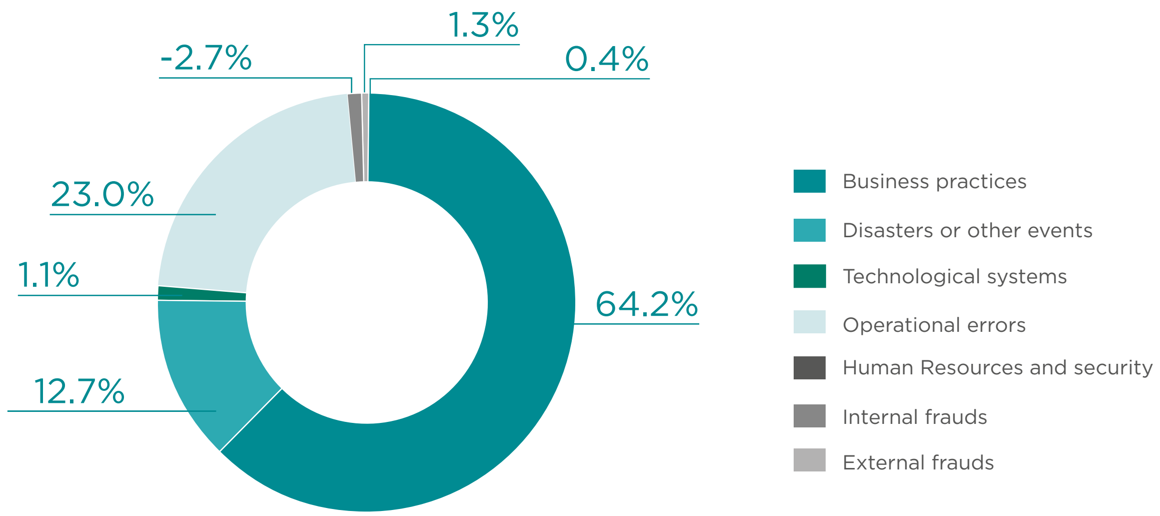
Operational losses, which the model considers as quantitative data, are collected, managed and analyzed, to different levels of granularity and detail, using an event classification scheme complying with the one set by the Basel II Framework, by the Supervisory Authority and by Crédit Agricole S.A. The basic structure is given below:

- Internal frauds: events due to deliberate acts committed by at least one party internal to the Bank and causing losses to the Bank;
- External frauds: events due to deliberate acts committed exclusively by parties that cannot be defined as internal to the Bank, generally for the purpose of personal gain;
- Relations with staff and workplace safety: events relating to the relations between the company and its staff or to the failure of the workplace to meet health and safety standards. These include liabilities arising from accidents to employees in company offices or vehicles;
- Business practices: events linked to the supply of products and provision of services to Customers carried out in an improper or negligent manner (fiduciary requirements and adequate information on investments), as well as defects in the nature or features of products/models/contracts. These include liabilities arising from breach of public security laws or other legislation not specific to the banking sector;
- Disasters or other events: events due to natural causes or human actions, which lead to damage to company resources (tangible or intangible property, persons, etc.) and/or service interruptions or other events (including improper conduct/illegal acts by third-party companies that damage the company). The category also includes liabilities arising from political changes and retroactive changes in legislation and taxation;
- Technological systems and services: losses arising from the malfunctions, logical or structural defects in technological and other support systems;
- Execution, delivery and management of processes: events arising from unintentional errors in the management of operational and support assets or caused by counterparties other than Customers and Vendors.

For Loss Data Collection and for reporting consolidated loss data, the Crédit Agricole Italia Banking Group has adopted an IT application especially designed for the adoption of advanced approaches, as well as specific tools and models developed directly by Crédit Agricole S.A..

QUANTITATIVE DISCLOSURES

With reference to sources of operational risk, the breakdown of net losses (gross losses net of other collection excluding insurance-related ones) by event type recognized in 2023 is given below. Any "boundary losses" have been excluded.



Information and Communication Technology (ICT) Risk

In the Internal Policy documents, in compliance with the regulatory provisions issued by the Bank of Italy (Circular 285/13 as updated), Information and Communication Technology Risk (hereinafter referred to also as "ICT Risk") is defined as the "risk of suffering losses, in terms of income, reputation and market shares, associated with the use of Information and Communication Technology (ICT) [...]. In the integrated statement of corporate risks for prudential purposes (ICAAP), this type of risk is included, in accordance with specific aspects, among operational, reputational and strategic risks".

The Governance of security management and of ICT risk management is based on the following criteria:

- Formalization of the roles and responsibilities in the ICT security scope;
- Implementation of the principle of separation of duties, in order to appropriately allocate responsibilities;
- Assessment of the ICT risk analysis carried out on a regular basis or in case of significant changes. In accordance with the risk level, the security measures for its mitigation are identified. The risk analysis is carried out also in case of new initiatives or projects that may entail impacts on the Bank's information system.

To analyze and assess ICT risks on its IT resources, the Crédit Agricole Italia Banking Group implements and develops the key concepts of the Risk Analysis Methodology of the Parent Company Crédit Agricole S.A., supplementing it, to achieve an overall representation of its risk position, through:

- The definition of the risk taxonomy of the information system (ICT Governance and strategy, ICT availability and continuity risk, ICT security risk, ICT change risk, ICT data integrity risk, ICT outsourcing risk);
- A Risk Self-Assessment exercise on the processes impacted by ICT risk;
- The collection and analysis of IT incidents and of the related operational losses;
- Continuous application of the overall framework of permanent controls;
- The preparation of continuous reporting flows to the Top Management and the BoD on the main processes/events concerning the Information System and Information System Security, with specific reference to incident and vulnerability management.

In 2023 the Group evolved its organization, setting up a new organizational structure that is part of the Risk Management and Permanent Controls Department and that is in charge of monitoring ICT risks and outsourcing risk. The new structure is the holder of the ICT monitoring function (Information System and Information Security System) to which the Information System is exposed (MRSI).

The other roles and structures involved in ICT Risk Governance are:

- The Chief Operating Officer (COO) of the Crédit Agricole Italia Group, who is also the General Manager of Crédit Agricole Group Solutions;
- The Chief Information Security Officer (CISO), who belongs to the COO structure: he or she ensures the security of the Group's information system, assessing the risks and threats it is exposed to (Mesari Risk Analysis), contributing to the design of the action plans and risk mitigation plans, as well as the technical solutions to be implemented;
- The Head of the Security Division of Crédit Agricole Group Solutions, who has the role of ICT Security Manager in the information security system scope: he or she ensures proper implementation and operational management of the security of the Group's information system, overseeing compliance with the relevant policies, rules and standards;
- The Head of the Information Systems Department of Crédit Agricole Group Solutions (Chief Information Officer or CIO) in the information system scope (other non-security risks): he or she is responsible for the governance of the Group's Information System and the processes related thereto, carrying out also first-level controls on ICT risk, overseeing any corrective actions.

In 2023 the Risk Management and Permanent Controls Department further supplemented controls and risk measurement indicators, focusing its control activities specifically on ICT security matters and on project development. In the reporting year, besides firmly establishing the important migration projects carried out in 2022, specific activities were carried out on regulatory matters and developments, such as the completion of the necessary activities for full alignment to the 40th update of the Bank of Italy Circular 285, as well as the start of the first analysis in order to implement the DORA Regulation concerning digital operational resilience for the financial sector, which entered into force on 16 January 2023 and will be fully applicable as of 17 January 2025.

In 2023 the initiatives continued to evolve and strengthen the Information System, which led to a better stance and strengthening of ICT Security operational controls within the Group. Some ICT security aspects worth mentioning are:

- **Network and Information System security:** the Group has adopted measures to prevent and identify IT and software viruses that may be harmful (e.g: malware) also with the help of advanced antivirus (EDR) and security solutions to protect the network from external attacks (e.g: Firewall, IDS and IPS);
- **Incident monitoring and management:** the Group has a SIEM solution in place (a system for the management of security information and events) and a SOC (Security Operation Center) that operates 24/7. Furthermore, the Crédit Agricole Italia Banking Group interacts with the Crédit Agricole Group for the threat intelligence (CERT) system and with CertFin (CERT Finanziario Italiano) in order to identify any threats that may materially impact the Company's ability to provide its services;
- **Internal training:** The Group makes available and frequently updates training programmes on ICT security and makes them accessible on the Intranet to all employees and vendors that access the Group's Information System. Actual attendance of the training programmes is verified with specific controls by the structures in charge and the attendance level is included in the specific reporting to the Top Management;
- **Awareness:** regular activities are carried out to raise Customers' *awareness* on Phishing through notification and reminders in the touchpoint applications (APP and Home Banking);
- **Security testing and vulnerability management:** the Group adopts various measures and controls in identifying vulnerabilities on its information systems. At an infrastructural level, *Vulnerability Assessment* scans are carried out on a monthly basis, whereas, at least once a year, *Penetration* Tests are carried out on the exposed applications on the Internet;
- **Business Continuity and Availability:** the Group has defined and implemented policies and procedures to manage Business Continuity and protection systems to safeguard corporate data; business continuity tests are regularly conducted, also with simulations concerning the management of specific crisis scenarios. Controls and solutions have been adopted to prevent any leaks of sensitive data outside the Group perimeter, namely Data Loss Prevention solutions;
- **Internal audits:** the third line of defence is the ICT Audit Service, which, within the risk-based audit plan, carries out specific audits on a yearly basis in the ICT Security scope.

Business Continuity Plan ("BCP")

In 2023, the Group continued to update and verify its Business Continuity Plan to take account of the changes in the scenario and in the Group's organisational, technology and software infrastructure.

In 2023, the main activities were:

- Periodic testing and certification exercises on the solutions for information system recovery and on critical processes in the business continuity scope, including that of critical providers;
- Revision of the methods to carry out IMPT tests (workstations) and ILSI (logical unavailability of the IS) and successful exercise of the IPSI/DR (site loss) test on the new departmental datacenter;
- Adequacy assessment and analysis of business continuity plans and of the relevant tests of providers of Outsourced Critical and Important Functions (CIF), continuing also with the activity on NON-CIF vendors involved in critical processes;
- Testing the Crisis Management Organizational Model (Italian acronym MOGC), by compromising some employee workstations;
- The updating the Business Impact Analysis ("BIA") on the corporate processes in the business continuity scope;
- The updating of contingency Operational Plans (back-up solutions to be triggered in case of crisis);
- A study was completed to analyze new extended and/or combined crisis scenarios (persistent blackout scenario);
- Updating of the controls plan in accordance with Crédit Agricole S.A. guidelines.

In 2024, BC activities will be revised within the developments in the DORA scope.

Critical or Important Functions (CIF called POES – Provisions of Outsourced Essential Services – by Crédit Agricole S.A.)

The controls on Outsourced Critical and Important Functions/Provision of Outsourced Essential Services are the responsibility of the Risk Management and Permanent Controls Department and, in 2023, they were assigned to the specific organizational structure part of that Department, thus ensuring more effective focus of the activities. That structure governs the system of controls on compliance with the process to outsource critical functions and has specific duties concerning the definition of the risk monitoring controls. This structure has a role of management and methodological support, especially as regards the assessment of risks associated with outsourcing arrangements.

Having regard to internal normative instruments, in 2023 the outsourcing management organizational model was fully implemented through full revision of the internal policies and regulations.

In FY 2023, the most material initiatives of the Risk Department continued in line with the previous FYs, thus ensuring:

- Strong support to the corporate structures in the phases of outsourcing management, aimed both at proper implementation of the process and at wider dissemination of an outsourcing culture and the analysis of the associated risks;
- The review and upgrading – by the Unit responsible for control on outsourced critical and important functions – of the monitoring tools it uses to perform its tasks;
- The review and update of the tools used to assess risks associated with outsourcing;
- Monitoring of the process for the preparation of the Register of Outsourcing Arrangements as a tool for the governance and management of information concerning all outsourcing arrangements in force, with different level of detail for critical and important functions;
- Monitoring of the project aimed at ensuring compliance with the outsourcing arrangements and with the new rules and expectations introduced by Circular 285/13 transposing the EBA new guidelines;
- General monitoring on and actions to increase the awareness of the outsourced service owners as regards their responsibilities. In this scope, the monitoring and control systems were constantly updated, also based on the instructions given by the Parent Company Crédit Agricole S.A.

Overall, the oversight and control activities showed an outsourcing management framework in line with expectations.

PART F - INFORMATION ON EQUITY

Section 1 – Shareholders' equity

A. Qualitative disclosures

The own funds management policy implemented by Crédit Agricole Italia is aimed at maintaining an adequate level of resources in order to be able to cope at any time with the risks taken.

B. Quantitative disclosures

B.1 Shareholders' equity: breakdown

The breakdown of equity as at 31 December 2023 is given below:

Items/Values	31 Dec. 2023	31 Dec. 2022
1. Capital	1,102,071	1,102,071
2. Share premium reserve	3,495,378	3,496,073
3. Reserves	1,935,977	1,770,262
- retained earnings	1,932,471	1,767,081
a) legal reserve	220,414	195,847
b) reserve provided for by the Articles of Association	1,031,392	804,950
c) treasury shares	6	-
d) other	680,659	766,284
- other	3,506	3,181
4. Equity instruments	815,000	815,000
5. (Treasury Shares)	-6	-
6. Valuation reserves	-58,993	-54,584
- Equity securities designated at fair value through other comprehensive income	-16,452	-6,712
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	1,658	-9,228
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging of investments in foreign operations	-	-
- Cash flow hedges	-	-
Hedging instruments (non-designated elements)	-	-
- Foreign exchange differences	-	-
- Non-current assets held for sale and discontinued operations	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
- Actuarial gains (losses) pertaining to defined-benefit pension plans	-44,199	-38,644
- Share of valuation reserves on investments measured using the equity method	-	-
- Special revaluation laws	-	-
7. Profit (Loss) for the period	703,250	552,879
Total	**7,992,677**	**7,681,701**

Item "Financial assets (other than equity securities) measured at fair value through other comprehensive income" reports fair value changes in debt securities held (Euro 11,528 thousand) as well as the fair value changes in the ecobonus tax credit assets classified with the HTC&S business model (down by Euro -9.870 thousand).

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Values	Total 31 Dec. 2023		Total 31 Dec. 2022	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	12,876	1,348	-	9,228
2. Equity securities	2,315	18,767	-	6,712
3. Loans	-	-	-	-
Total	**15,191**	**20,115**	**-**	**15,940**

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: changes for the year

	Debt securities	Equity securities	Loans
1. Opening balance	**-9,228**	**-6,712**	**-**
2. Increases	**26,514**	**655**	**-**
2.1 Fair value gains	17,957	313	-
2.2 Adjustments for credit risk	1,163	X	-
2.3 Reclassification to profit or loss of negative reserves from disposal	7,394	X	-
2.4 Transfers to other equity components (equity securities)	-	342	-
2.5 Other changes	-	-	-
3. Decreases	**5,758**	**10,395**	**-**
3.1 Fair value losses	661	10,361	-
3.2 Recoveries for credit risk	90	-	-
3.3 Reclassification to profit or loss of positive reserves from disposal	5,007	X	-
3.4 Transfers to other equity components (equity securities)	-	34	-
3.5 Other changes	-	-	-
4. Closing Balance	**11,528**	**-16,452**	**-**

B.4 Valuation reserves relating to defined-benefit plans: changes for the year

	31 Dec. 2023
1. Opening balance	**-38,644**
2. Increases	**1,819**
2.1 Actuarial losses	
2.2 Other changes	1,819
3. Decreases	**7,374**
3.1 Actuarial gains	7,374
3.2 Other changes	
4. Closing Balance	**-44,199**

Section 2 – Own Funds and supervisory requirements

please, refer to the disclosure on own funds and capital adequacy contained in Section 1 the public disclosure (Basel III Pillar 3"),on the website of the Crédit Agricole Italia Banking Group https://gruppo.credit-agricole.it/bilanci-ca-italia, concomitantly with the publication of the Annual Report and Financial Statements.

PART G - BUSINESS COMBINATIONS

Section 1 – Business combinations made in the reporting year

In the reporting year no business combinations were made.

Section 2 – Business combinations made after the reporting date

No business combinations were made after the reporting date.

Section 3 – Retrospective Adjustments

No retrospective adjustments are to be reported.

PART H - TRANSACTIONS WITH RELATED PARTIES

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

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

On 25 July 2018, the Board of Directors of Crédit Agricole Italia approved the adoption of the new "Regulation on transactions with Associated Persons", which was then adopted by the other Banks and Companies of the Banking Group, which formalized, in a single normative instrument, the procedures that the Banks and Companies of the Crédit Agricole Italia Banking Group had to apply to transactions with Associated Persons, in compliance with the regulations in force at the time issued by CONSOB and by the Bank of Italy. Afterwards, with resolution no. 21624 of 10 December 2020 CONSOB amended the Regulation on Transactions with Related Parties as issued with its previous resolution no. 17221 of 12 March 2010. As the amendments entered into force on 1 July 2021, the Crédit Agricole Italia Banking Group duly aligned its "Regulation on Transactions with Associated Persons" those amendments.

Furthermore, the document implements the amendments introduced with the 33rd update of 23 June 2020 to Bank of Italy Circular no, 285 "Supervisory Provisions for Banks - Risk assets and conflicts of interest with associated persons", whereby a new chapter, Chapter 11, was added to Part III, up to then contained in Circular no. 263/2006, aligning it to the new regulatory framework and, specifically, it excluded, under certain conditions, equity investments in insurance undertakings from the scope of application of prudential limits.

Later on, with the 35th update to Circular no. 285 of 17 December 2013, which was published on the Italian Official Journal issue no. 165 of 15 July 2021, the Bank of Italy laid down the obligation for banks to comply – by 31 January2022 – with Article 88(1)(4) and (5) of Directive 2013/36/EU (CRD), as amended by Directive 2019/878/EU (CRD V), on loans to members of the management body and their related parties. Therefore, in January 2022, the Regulation was updated implementing the new Supervisory provisions.

As a consequence of the changed corporate structure of the Group resulting from the mergers of Credito Valtellinese S.p.A. and Crédit Agricole FriulAdria S.p.A. into Crédit Agricole Italia S.p.A., it was appropriate to make yet another update to the Regulation on Transactions with Associated Persons.

Indeed, as the Banking Group perimeter no longer includes any entities whose shares are listed(publicly held to any material extent, the Bank has no longer the obligation to apply the provisions laid down in CONSOB Regulation no. 17221 on related parties.

Therefore, on 23 March 2023, the Board of Directors approved the aforementioned Regulation in its updated version.

Furthermore, the Board of Directors of the Parent Company approved the internal Policies governing controls on risk assets and conflicts of interest with the Group's Associated Persons. That document describes, as regards the operational characteristics and strategies of the Bank and of the Group, the business sectors and the types of business transactions, also not entailing the assumption of risk assets, from which conflicts of interest may arise, as well as the controls implemented in the organizational structure and in the internal controls system in order to ensure constant compliance with the prudential limits and decision-making procedures referred to in the aforementioned Regulation.

Besides identifying the related parties and the connected persons of the Crédit Agricole Italia Banking Group, the "Regulation on Transactions with Associated Persons" lays down, in compliance with the principles established by the applicable legislation on related parties, the proceedings and rules aimed at ensuring transparency and substantial and procedural fairness of transactions with related parties and connected persons carried out by Crédit Agricole Italia, directly or through any of its subsidiaries. The Regulation also defines the cases, criteria and circumstances in which, without prejudice to full compliance with all obligations and requirements, full or partial application of the Regulation may be excluded. It also lays down prudential limits to risk assets with associated persons, sets the procedures to process and approve transactions with related parties, defines specific rules with regard to transactions with related parties made by the companies belonging to the Group and lays down procedures and timeframes for the provision of reporting and appropriate documentation on the transactions (i) to independent directors/Related Party Committee, as well as, where necessary, (ii) to the control bodies.

With regard to controls, the required activities are carried out by the various relevant corporate roles and structures, in different capacities and in the different phases of the process, in order to ensure constant compliance with the prudential limits and resolution-making procedures as provided for by the applicable legislation, also pursuing the objective to appropriately prevent and manage potential conflicts of interests that may result from transactions with associated persons.

Perimeter of Related Parties

The International Accounting Standards and International Financial Reporting Standards govern disclosure on transactions with related parties in IAS 24, which was endorsed by the European Union with Regulation (EU) no. 1126/2008 as amended.

In accordance with the definition given in IAS 24, a related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity"). Specifically:

a) A person or close member of that person's family is related to a reporting entity if that person:
   - (i) Has control or joint control over the reporting entity;
   - (ii) Has significant influence over the reporting entity; or
   - (iii) Is a member of the key management personnel of the reporting entity, i.e. the Bank and the supervised intermediary of the Banking Group, or of a parent of the reporting entity;

b) An entity is related to a reporting entity if any of the following conditions applies:
   - (i) The entity and the reporting entity are members of the Crédit Agricole Group;
   - (ii) The entity is an associate or joint venture of the Bank and/or of the supervised intermediary (or an associate or joint venture of a member of the Crédit Agricole Group);
   - (iii) Both entities are a joint venture of the same third party;
   - (iv) It is a joint venture of a third entity that is an associate of bank and of the supervised intermediary;
   - (v) It is a post-employment defined benefit plan for the benefit of employees of either the bank and/or supervised intermediary or of an entity that is related to them;
   - (vi) It is controlled or jointly controlled by a person identified in (a);
   - (vii) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
   - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture.

Close member of a person's family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:(a) that person's children and spouse or domestic partner:

a) children of that person's spouse or domestic partner; and
b) dependents of that person or that person's spouse or domestic partner.

Those persons are reported in column "Other related parties" of the table given in paragraph "Information on transactions with related parties".

Information on remuneration of managers vested with strategic responsibilities (aka key management personnel) and information on transactions with related parties is given below in compliance with Circular no. 262 "Banks' financial statements: layouts and preparation" of 22 December 2005, issued by the Bank of Italy as updated, in accordance with IAS 24.

1. Information on remuneration of managers vested with strategic responsibilities

"Managers vested with strategic responsibilities" or "Key management personnel" includes individuals having direct and indirect power and responsibility over the planning, management and control of the operations of Crédit Agricole Italia, including Directors, both executive and non-executive, and the members of control bodies.
The remuneration of Directors and Auditors is established with specific resolutions passed by the General Meeting of Shareholders.

The table below reports the amounts of the man benefits awarded to Directors, Auditors and Managers tasked with strategic responsibilities.

	31 Dec. 2023
Short-term benefits:	9,146
Benefits subsequent to severance from employment	217
Other long-term benefits	-
Employee severance benefits	-
Share-based payments	-

2. Information on transactions with related parties

These are transaction with associated persons (related parties and their connected persons), entailing the assumption of risk assets, transfer of resources, services or obligations, regardless of whether a price is paid, including mergers and demergers.

TYPE OF RELATED PARTIES	Cash and cash equivalents	Financial assets measured at fair value through profit or loss	Financial assets through other comprehensive income	Financial assets measured at amortized cost: loans to Customers	Financial assets measured at amortized cost: due from Banks	Financial liabilities measured at amortized cost: due to Customers	Financial liabilities measured at amortized cost: due to Banks	Guarantees given
Controlling Company	255,923	-	-	-	2,838	-	1,285,317	15,458
Entities exercising significant influence on the Company	-	-	-	-	-	25,309	-	-
Subsidiaries	-	-	-	2,845,386	-	121,858	-	41,127
Associates	-	-	-	3,376	-	9,244	-	1,618
Directors and Managers with strategic responsibilities	-	-	-	2,240	-	2,243	-	-
Other related parties	73,652	164,380	101	3,765,358	1,383,135	412,696	23,865	104,915
Total	**329,575**	**164,380**	**101**	**6,616,360**	**1,385,973**	**571,350**	**1,309,182**	**163,118**

Main income transactions with related parties

Amounts in thousands of Euro	Net interest income	Dividends and similar income	Net fee and commission income	Personnel expenses
Controlling Company	(81,287)	-	(2,411)	(321)
Entities exercising significant influence on the Company	(145)	-	74	-
Subsidiaries	97,930	-	4,012	34,983
Associates	(104)	-	98	-
Directors and Managers with strategic responsibilities	(8)	-	263	(9,363)
Other related parties	238,507	-	515,834	997
Total	**254,893**	**-**	**517,870**	**26,296**

PART I - SHARE-BASED PAYMENTS

QUALITATIVE DISCLOSURES

1. Description of Share-based payments

Crédit Agricole Italia has no agreements in place for payments based on its shares.

The share capital increase by the Parent Company Crédit Agricole S.A., in favour of all Employees of the Crédit Agricole. Group was completed in August 2023 with the allotment of shares to Employees.

The Employees were given the opportunities to invest in shares of Crédit Agricole S.A. with a 20% discount vs. market value. These shares will be tied for the following five years (until 31 May 2028), at the end of which time each employee may freely dispose of them.

In 2023, this financial transaction entailed a cost equal to the discount applied to the shares subscribed, which had – as a balancing item in accordance with IFRSs – an identical increase in equity through a specific reserve.

Having regard to multi-year incentive systems, their countervalue has an increase in liabilities as its balancing item.

QUANTITATIVE DISCLOSURES

The specific reserve recognized in equity as the balancing item of personnel expenses and equal to the discount applied to the shares in Crédit Agricole S.A. subscribed by Crédit Agricole Italia employees, as reported in the previous paragraph, amounts to Euro 325 thousand.

PART L - SEGMENT REPORTING

In accordance with IFRS 8, for segment reporting please see Part L of the Note to the Consolidated Financial Statements.

PART M - DISCLOSURE OF LEASES

Section 1 – Lessee

Qualitative disclosures

The additional information on leases required by IFRS16 is given below.

Quantitative disclosures

RIGHT OF USE

Lease type	No. of contracts as at 31 Dec. 2023	Right of Use value as at 31 Dec. 2023	Depreciation/ amortization for the period	Impairment/ Recoveries in the period
Buildings used in operations	897	255,071	-46,184	-3,244
Buildings used for investment	121	3,093	-1,687	-
Other property, plant and equipment assets: vehicles	258	2,525	-1,080	-
Other property, plant and equipment assets	-	-	-144	-
Total	**1,276**	**260,689**	**-49,095**	**-3,244**

Rights of Use are recognized in the Balance Sheet under item 80 “Property, Plant and Equipment: i”.

LEASE LIABILITY

Lease type	Remaining liability as at 31 Dec. 2023	Remaining liability - breakdown by term to maturity				Interest expenses for the period
		Term to maturity < 1 year	Term to maturity between 1 and 3 years	Term to maturity between 3 and 6 years	Term to maturity of over 6 years	
Buildings and land used in operations	301,640	47,317	83,641	97,526	73,156	-9,356
Buildings used for investment	3,122	1,284	1,453	291	94	-53
Other property, plant and equipment assets: vehicles	2,547	1,075	1,261	211	-	-46
Other property, plant and equipment assets: DC	-	-	-	-	-	-1
Total	**307,309**	**49,676**	**86,355**	**98,028**	**73,250**	**-9,456**

All contractual cash flows are included in the calculation of lease liabilities.

Lease liabilities are recognized under item 10 of Liabilities in the Balance Sheet, as Financial Liabilities measured at amortized cost.

OTHER DATA

Breakdown of real estate operating lease contracts by geographical area and by annual lease payment bracket

Region	Lease payments up to 5 thousand	Lease payments from 5 to 50 thousand	Lease payments from 50 to 100 thousand	Lease payments above 100 thousand	Total
Emilia-Romagna Region	6	189	24	4	223
Lombardy	18	114	52	32	216
Veneto	1	66	24	11	102
Tuscany	6	46	26	10	88
Sicily	8	57	8	4	77
Lazio	1	27	13	24	65
Piedmont	4	29	19	12	64
Campania	-	31	19	9	59
Liguria	7	31	10	4	52
Other	7	53	8	4	72
Total	**58**	**643**	**203**	**114**	**1,018**

Frequency of payment instalment by lease type

Lease type	Instalment frequency	Number of contracts
Properties used in operations	Monthly	65
	Quarterly	739
	Half-yearly	67
	other	26
	Total	**897**
Property used for investment	Quarterly	120
	other	1
	Total	**121**
Vehicles	Monthly	258
	Total	**258**
Totals		**1,276**

All property lease contracts are linked to the cost-of-living index published by ISTAT (the Italian National Institute of Statistics).

Lease contracts out of the IFRS 16 scope of application (recognition exemptions par. 5 IFRS 16)

Crédit Agricole Italia has applied paragraph 6 of IFRS16 to short-term leases and to leases with the underlying asset having low value.

The table reports the information required under paragraph 53 letter d) of IFRS 16.

Lease type	Short term lease - 2023 rents	Low value lease - 2023 rents
Real Estate properties	216	18
Vehicles	241	-
POS	-	3,607
Other	-	122
Total (net of VAT)	**457**	**3,747**

Section 2 – Lessor

Qualitative disclosures

The disclosure required by paragraph 97 of IFRS 16 is given below.

Quantitative disclosures

1. Balance Sheet and Income Statement information

Crédit Agricole Italia has operating lease contracts in force. Leased properties have been recognized in the Balance Sheet under item 80 "Property, plant and equipment"; Lease payment income is recognized on an accrual basis under item "200. Other operating expenses/income".

As at 31 December 2023 there were 8 finance sublease contracts in force on portions of properties, in which, therefore, the Bank is an intermediate lessor: under those contracts, the right of use of the head lease regarding the portion leased out, recognized in item "80 Property, plant and equipment", is zeroed and an account receivable is recognized representing the present value of the rents to be received, under item "40. Financial assets at amortized costs b) Loans to Customers In the Income Statement, item "10. Interest income", reports the financial income consisting the sublease payments.

2. Finance Leases

As at the reporting date, finance lease sublease contracts were recognized for an amount of Euro 8.2 million.

In FY 2023 interest income on finance sublease contract was recognized amounting to 0.4 million Euros.

2.1 Classification of payments to be received by time band and reconciliation with lease loans recognized in assets

Time bands	Total 31 Dec. 2023 Lease payments to be received	Total 31 Dec. 2022 Lease payments to be received
Up to 1 year	1,381	838
From over 1 year to 2 years	1,427	868
From over 2 year to 3 years	1,273	868
From over 3 year to 4 years	1,111	868
From over 4 year to 5 years	1,111	868
Over 5 years	3,328	4,795
Total lease payments to be received	**9,631**	**9,105**
RECONCILIATION WITH LOANS		
Unearned financial income (-)	-1,465	-1,819
Unguaranteed residual value (-)	-	-
Lease loans	**8,166**	**7,286**

3. OPERATING LEASES

The disclosure required by paragraph 97 of IFRS 16 is given below.

3.1 Classification of payments to be received by time band

TIME BANDS	Lease payments to be received Total as at 31 Dec. 2023	Lease payments to be received Total as at 31 Dec. 2022
Up to 1 year	5,171	5,462
From over 1 year to 2 years	4,872	5,382
From over 2 year to 3 years	4,686	4,959
From over 3 year to 4 years	3,839	4,668
From over 4 year to 5 years	2,210	3,742
From over 5 years	4,559	6,297
Total	**25,337**	**30,510**

The payments to be received reported in the table refer to property lease contracts.

There are no variable payments not included in the reported amounts and there are no purchase options on the leased asset.

The reported amounts include Euro 11.1 million regarding lease contracts with subsidiaries.

FINANCIAL STATEMENTS OF THE CONTROLLING COMPANY CRÉDIT AGRICOLE S.A.

The financial highlights of the Parent Company Crédit Agricole S.A.presented in the summary statement required under Article 2497-bis of the Italian Civil Code have been taken from its Financial Statements as at 31 December 2022. For appropriate and full understanding of the financial and cash flow situation of Crédit Agricole S.A.as at 31 December 2022, and of the profit or loss made by the Company in the financial year closed as at that date, please see its full annual report and financial statements and the related Independent Auditors' Report, which are made available in accordance with the Law.

ACTIF

	31 Dec. 2022	31 Dec. 2021
Opérations interbancaires et assimilées	241,527	249,554
Caisse, banques centrales	69,310	77,727
Effets publics et valeurs assimilées	15,429	15,503
Créances sur les établissements de crédit	156,788	156,324
Opérations internes au Crédit Agricole	446,622	403,616
Opérations avec la clientèle	5,415	5,256
Opérations sur titres	39,235	41,701
Obligations et autres titres à revenu fixe	39,210	41,658
Actions et autres titres à revenu variable	25	43
Valeurs immobilisées	65,570	65,497
Participations et autres titres détenus à long terme	1,287	1,094
Parts dans les entreprises liées	64,132	64,256
Immobilisations incorporelles	39	35
Immobilisations corporelles	112	112
Capital souscrit non versé	-	-
Actions propres	183	1,068
Comptes de régularisation et actifs divers	38,759	16,295
Autres actifs	22,943	5,212
Comptes de régularisation	15,816	11,083
Total actif	**837,311**	**782,987**

PASSIF

	31 Dec. 2022	31 Dec. 2021
Opérations interbancaires et assimilées	227,138	245,761
Banques centrales	23	49
Dettes envers les établissements de crédit	227,115	245,712
Opérations internes au Crédit Agricole	126,313	92,992
Comptes créditeurs de la clientèle	246,167	234,976
Dettes représentées par un titre	128,285	105,023
Comptes de régularisation et passifs divers	22,986	20,393
Autres passifs	4,216	7,475
Comptes de régularisation	18,770	12,918
Provisions et dettes subordonnées	28,884	27,482
Provisions	1,118	1,236
Dettes subordonnées	27,766	26,246
Fonds pour risques bancaires généraux	1,343	1,287
Capitaux propres hors FRBG	56,195	55,073
Capital souscrit	9,128	9,341
Primes d'émission	13,409	14,127
Réserves	14,681	14,622
Écart de réévaluation	-	-
Provisions réglementées et subventions d'investissement	8	13
Report à nouveau	13,736	12,509
Résultat de l'exercice	5,233	4,461
Total passif	**837,311**	**782,987**

HORS-BILAN DE CRÉDIT AGRICOLE S.A.

	31 Dec. 2022	31 Dec. 2021
Engagements donnés	26,447	24,172
Engagements de financement	5,860	7,512
Engagements de garantie	20,506	16,652
Engagements sur titres	81	8

	31 Dec. 2022	31 Dec. 2021
Engagements reçus	154,726	124,335
Engagements de financement	153,485	122,437
Engagements de garantie	1,241	1,898
Engagements sur titres	-	-

COMPTE DE RESULTAT DE CRÉDIT AGRICOLE S.A.

	31 Dec. 2022	31 Dec. 2021
Intérêts et produits assimilés	12,556	9,874
Intérêts et charges assimilées	(13,602)	(10,999)
Revenus des titres à revenu variable	6,006	3,947
Commissions (produits)	1,633	1,486
Commissions (charges)	(704)	(565)
Gains ou pertes sur opérations des portefeuilles de négociation	31	(30)
Gains ou pertes sur opérations des portefeuilles de placement et assimilés	(32)	121
Autres produits d’exploitation bancaire	11	67
Autres charges d’exploitation bancaire	(65)	(105)
Produit net bancaire	5,834	3,796
Charges générales d’exploitation	(757)	(669)
Dotations aux amortissements et aux dépréciations sur immobilisations incorporelles et corporelles	(10)	(6)
Résultat brut d’exploitation	5,067	3,121
Cost of risk	(11)	-
Résultat d’exploitation	5,056	3,121
Résultat net sur actifs immobilisés	(70)	1,118
Résultat courant avant impôt	4,986	4,239
Résultat exceptionnel	-	-
Impôt sur les bénéfices	298	275
Dotations/reprises de FRBG et provisions réglementées	(51)	(53)
Résultat net de l'exercice	5,233	4,461

DISCLOSURE OF PUBLIC FUNDING

State aid transparency requirements are laid down in Article 1, paragraphs 125-129, of Italian Law no. 124/2017 but the wording gave rise to several problems in terms of interpretation and application. The worries expressed by trade associations (including Assonime, the Italian Association of Joint-stock Companies) were for the most part solve by Article 35 of Italian Decree Law no. 34/2019 (Growth Decree), which, in many cases, clarifies important matters, in order to streamline and rationalize the aforementioned requirements.

The Law establishes the obligation to disclose, in the Notes to the Financial Statements as at 31 December 2019 – and, where applicable, in the note to the consolidated financial statements – the amounts of and other information on "grants, subsidies, advantages, contributions or aids, in money of in kind, not given in general and other than considerations, remuneration or compensations, received from public administration bodies and other identified entities" (hereinafter for short "public funding").

Noncompliance with these obligations is punished with a civil fine equal to 1% of the received amounts, with a minimum fine of Euro 2,000 and the ancillary penalty of complying with the disclosure obligation. If the offender does not comply with the set disclosure obligation and does not pay the fine within 90 days of its imposition, it shall be required to return the all the amounts received to the entities that granted them.

In order to prevent accumulation of non-relevant information, the Euro 10,000 threshold has been kept, below which the recipient is not required to disclose any information on the received public funding.

Furthermore, in August 2017 the Italian national State Aid Registry was set up at the Directorate-general for business incentive at the Italian Ministry of Economic Development, where all State aids and small amount aids to businesses shall be entered by those that give or manage such aids.

For the aids to Crédit Agricole Italia, please refer to the "Registry Transparency" section, which is publicly available.

DISCLOSURE OF THE FEES FOR THE AUDIT OF THE ACCOUNTS AND OTHER SERVICES PURSUANT TO ARTICLE 149-DUODECIES OF THE ISSUER REGULATION

FEES DUE' FOR:	31 Dec. 2023
Statutory audit of annual accounts	1,361
Certification services	108
Other services	150
Total	**1,619**

ANNEXES

TAX INFORMATION ON RESERVES

Tax information on equity reserves

	Reserves and provisions that do not form part of Shareholders' income in case of distribution	Reserves and provisions that form part of the Company's taxable income in case of distribution	Reserves and provisions that form part of the Company's taxable income in case of distribution	Undistributable valuation reserves
Share premium reserve	3,452,934	42,444	-	-
Reserve pursuant to It. Leg. D. 124/93 - Art. 13	-	334	-	-
Legal reserve	-	-	220,414	-
Extraordinary reserve	-	-	523,092	-
Reserve under a tax suspension Realignment under Article 110 D.L. 104/2020(*)	-	712,136	-	-
Reserve from first time adoption of IAS/IFRS	-	-	-97,651	-
Reserve from tax adjustment from first time adoption of IAS/IFRS for realignment of carrying amounts and tax bases	-	-	12,318	-
Valuation reserve for other corridor elimination	-	-	-5,076	-
Reserve from measurement of OCIRE securities	-	-	-	11,528
Reserve from measurement of OCINR securities	-	-	-	-16,452
Reserve from valuation of HTCS tax credits	-	-	-	-9,870
Reserve from actuarial valuation - employee severance benefits and defined-benefit pension plan	-	-	-	-44,199
Undistributable extraordinary reserve gains on securities at FV	-	-	-	235
Reserve for share-based payments	1	-	2,265	-
Reserve for free assignation of shares	-	-	1,240	-
Reserve from adjustment of Transfer Purchase Price	-	-	605	-
Reserve for interest on Additional Tier 1 Instrument	-	-	-338,996	-
2019 retained earnings reserve	-	-	233,686	-
Reserve from OCINR category securities for sale	-	-	-3,899	-
Extraordinary reserve of undistributable dividends on treasury shares	-	-	6	-
Undistributable extraordinary reserve for purchase of treasury shares	-	-	6	-
IFRS 9FTA reserve	-	-	-347,953	-
Reserve for Carim FTA IAS 19 revised	-	-	-305	-
Reserve from OCINR category securities for sale	-	-	-	384
Merger surplus	-	1,023,135	-	-
TOTAL	**3,452,935**	**1,778,049**	**199,752**	**-58,374**
Reserve subject to tax deferral arrangements Law 266/2005 included in capital	-	138,249	-	-

(*) Reserve under tax suspension for Realignment under Article 110 of Italian Decree Law1 104/2020. In case of any use other than coverage of losses, the amounts attribted to the shareholders, plus the related substitute tax.

Shareholders' equity: possible use and distributability (pursuant to Article 2427 - paragraph 7-bis)

Liabilities	Amount		Possible uses (*)	Distributable portion	Summary of uses in last three years	
					To cover losses	Other uses
Capital	-	1,102,071		-	-	-
o/w for reserve subject to tax deferral arrangements Law 266/2005	138,249	-		-	-	-
Treasury shares	-	-6		-	-	-
Equity instruments	-	815,000		-	-	-
Share premium reserve	-	3,452,934	A, B , C (4)	3,452,934	-	-
Share premium reserve taxable pursuant to Law 266/2005	-	42,444	A, B (2), C (3)	42,444	-	-
Reserves	-	1,935,977		-	-	-
Legal reserve	220,414	-	A(1), B	-	-	-
Extraordinary reserve	523,092		A, B, C	523,092	71,836	166,000
Tax-suspended reserve for Realignment under Art. 10 DL 104/2020	712,136	-	A, B (6), C	712,136	-	-
Reserve pursuant to It. Leg. D. 124/93 - Art. 13	334	-	A, B, C	334	-	-
2019 retained earnings reserve	233,686	-	A, B, C	233,686	-	-
Reserve for share-based payments	2,266	-	A, B, C	2,265	-	-
Reserve for free assignation of shares	1,240	-	A, B, C	1,240	-	-
Reserve from adjustment of Transfer Purchase Price	605	-	A, B, C	605	-	-
Reserve from OCINR category securities for sale	-3,899	-	A, B, C	-3,899	-	-
Reserve for interest on Additional Tier 1 Instruments	-338,996	-	A, B, C	-338,996	-	-
Reserve for contributions for share capital increase	-	-	A	-	-	-
Reserve from first time adoption of IAS/IFRS	-97,651	-		-	-	-
Reserve from tax adjustment from first time adoption of IAS/IFRS for realignment of carrying amounts and tax bases	12,318	-		-	-	-
IFRS 9FTA reserve	-347,953	-		-	-	-
Valuation reserve for other corridor elimination	-5,076	-		-	-	-
Reserve for Carim FTA IAS 19 revised	-305	-		-	-	-
Undistributable extraordinary reserve gains on securities at FV	235	-	(5)	-	-	-
Extraordinary reserve of undistributable dividends on treasury shares	6	-		-	-	-
Undistributable extraordinary reserve for purchase of treasury shares	6	-		-	-	-
Merger surplus	1,023,135	-	A, B, C	1,023,135	-	-
Other reserve from OCINR category	384	-	A, B, C	384	-	-
Valuation reserves	-	-58,993		-	-	-
Reserve from measurement of OCIRE securities	11,528	-		-	-	-
Reserve from measurement of OCINR securities	-16,452	-		-	-	-
Reserve from valuation of HTCS tax credits	-9,870	-		-	-	-
Reserve from actuarial valuation - employee severance benefits and defined-benefit pension plan	-44,199	-		-	-	-
Profit for the FY	-	703,250		-	-	-
TOTAL		**7,992,677**		**5,649,360**	**71,836**	**166,000**

(*) A: For capital increase B: To cover losses C: For distribution to Shareholders.

(1) Usable for share capital increase (A) for the portion exceeding one fifth of the share capital.

(2) If the reserve is used to cover losses, no profits may be distributed until such reserve is restored or reduced by the same amount. The reduction must be approved by the Extraordinary Shareholders' Meeting without applying the provisions of the second and third paragraphs of Article 2445 of the Italian Civil Code.

(3) Unless the reserve is transferred to share capital, it may only be reduced with the application of the provisions of Article 2445 paragraphs 2 and 3 of the Italian Civil Code. If distributed, it shall form part of the Company's taxable income.

(4) Distributable when the legal reserve has reached one fifth of the share capital.

(5) Undistributable reserve pursuant to Article 6 of Italian Legislative Decree 38/2005.

(6) The reserve may be reduced only if in compliance with paragraphs 2 and 3 of Article 2445 of the Italian Civil Code, i.e. with resolution of the extraordinary General Meeting of Shareholders. Where the reserve is used to cover losses, the formal procedures set out in paragraphs 2 and 3 of Article 2445 of the Italian Civil Code, but no earnings may be distributed until the reserve is fully restored or reduce by the amount used with resolution passed by the extraordinary General Meeting of Shareholders.

OWNED PROPERTY SUBJECT TO REVALUATION PURSUANT TO SPECIAL LAWS

List of owned property items that have been revaluated and are still recognized by Crédit Agricole Italia, setting forth the revaluation amount pursuant to Article 10 of Italian Law No. 72 of 19 March 1983.

Description	Book value net of revaluations	L.19.2.73 n. 823	L.2.12.75 n. 576	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
FURNITURE AND FITTINGS	40,581	3,225	18,450	62,256	62,256	-
MACHINERY	21,962,160	1,584	10,554	21,974,299	148,432	21,825,867
Total Assets revalued	**22,002,742**	**4,809**	**29,005**	**22,036,555**	**210,688**	**21,825,867**

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
ACI CASTELLO	256,850	256,850	-	-	-	31,000	-	-	82,000	-	-	-	-	-	-	-	717,122	1,086,972	619,433	467,539
ACI CATENA	203,358	203,358	-	-	-	21,000	-	-	146,000	-	-	-	-	-	-	-	346,538	716,896	381,347	335,549
ACIREALE	17,996,195	29,071,259	-	-	-	-	-	-	-	-	-	-	-	-	-	-	308,547	18,304,742	14,610,216	3,694,526
ACIREALE	333,516	333,516	-	-	-	-	-	-	-	-	-	-	-	-	-	-	662,861	996,377	491,281	505,096
ACIREALE	1,546,223	3,008,721	-	-	51,000	516,000	-	-	1,523,000	-	-	-	-	-	-	-	4,664,405	8,300,628	2,816,009	5,484,619
AGAZZANO	148,647	148,647	-	-	-	36,152	53,139	-	17,282	-	-	-	-	-	-	-	-	255,219	115,054	140,165
AGLIENTU	48,400	48,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,496	58,896	-	58,896
AGRATE BRIANZA	113,649	113,649	-	-	-	25,823	-	-	215,619	-	-	-	-	-	-	-	981,859	1,336,950	715,166	621,784
ALBARETO	205,005	205,005	-	-	-	-	64,005	-	22,958	-	-	-	-	-	-	-	-	291,967	213,194	78,773
ALSENO	379,022	379,022	-	-	-	51,646	108,998	-	47,211	-	-	-	-	-	-	-	-	586,877	354,115	232,762
ANNICCO	136,729	136,729	1,176	3,176	-	-	-	-	52,652	67,277	-	-	-	-	-	-	-	261,011	168,021	92,990
APRICA	-577,288	-577,288	-	-	21,680	144,691	-	-	81,882	-	-	-	-	-	-	-	991,551	662,516	248,539	413,977
ARCOLA	353,696	353,696	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,673	381,369	207,584	173,785
ARDENNO	-40,708	-40,708	-	-	-	106,063	-	-	44,379	-	-	-	-	-	-	-	398,275	508,009	262,287	245,722
ASILO NIDO AZIENDALE-C/ OCAVAGNARI	2,443,284	2,659,198	-	-	-	-	271,083	-	48,005	-	-	-	-	-	-	-	-	2,762,372	868,843	1,893,529
ASOLA	361,588	361,588	1,501	19,641	-	-	-	-	66,395	227,909	-	-	-	-	-	-	-	677,034	333,811	343,223
AULLA	583,247	583,247	-	-	-	-	-	114,140	273,656	-	-	-	-	-	-	165,727	111,800	1,248,570	1,057,050	191,520
AVIANO	1,818,758	2,003,330	-	-	-	-	-	-	154,547	-	-	-	-	-	-	-	-	1,973,305	1,148,678	824,626
AZZANO	1,931,480	2,194,522	-	-	-	33,164	-	-	848,193	-	-	-	-	-	-	-	-	2,812,837	1,617,837	1,195,000
BAGNONE	23,756	23,756	-	10,329	-	-	-	54,274	69,779	-	-	-	-	-	-	36,283	40,744	235,166	179,576	55,589
BARBARASCO DI TRESANA	631,654	631,654	-	-	-	-	80,186	-	47,582	-	-	-	-	-	-	-	171,763	931,185	800,540	130,645
BASILIANO	135,957	135,957	-	14,254	2,582	-	-	-	77,082	-	-	-	-	-	14	-	-	229,890	121,087	108,803
BASILICANOVA	312,598	312,598	-	-	-	57,102	167,520	13,316	147,621	-	-	-	-	-	-	-	-	698,157	440,800	257,357
BEDONIA	680,117	680,117	-	-	-	-	182,435	-	112,306	-	-	-	-	-	-	-	-	974,858	655,373	319,485
BELGIOIOSO	206,308	206,308	1,151	11,204	-	-	-	-	21,180	229,336	-	-	-	-	-	-	-	469,179	282,422	186,757
BELLARIA IGEA MARINA	1,665,574	1,732,713	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,665,574	408,445	1,257,129
BELLARIA IGEA MARINA	1,957,952	2,019,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,957,952	321,418	1,636,534
BERBENNO DI VALTELLINA	128,514	128,514	-	-	-	41,127	-	-	42,774	-	-	-	-	-	-	-	283,278	495,693	283,510	212,183
BERCETO	153,751	153,751	-	2,161	11,500	61,274	87,586	-	55,926	-	-	-	-	-	-	-	-	372,197	248,086	124,112
BETTOLA	142,436	142,436	-	-	-	61,975	134,658	-	27,484	-	-	-	-	-	-	-	-	366,553	228,566	137,987
BEVERINO	282,810	282,810	-	-	-	-	41,624	-	18,300	-	-	-	-	-	-	-	96,138	438,871	358,444	80,427
BIRONE DI GIUSSANO	-70,957	-70,957	-	-	-	-	-	-	362,922	-	-	-	-	-	-	-	555,888	847,853	511,239	336,614
BOBBIO	310,213	310,213	-	-	-	43,608	112,497	-	20,969	-	-	-	-	-	-	-	-	487,286	309,548	177,739
BOLANO	1,263,144	1,263,144	-	-	-	-	366,774	-	131,993	-	-	-	-	-	-	-	315,973	2,077,883	1,776,514	301,370
BOLOGNA	492,214	492,214	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	492,214	94,496	397,718
BOLOGNA	723,809	1,401,908	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	723,809	220,595	503,214
BOMPENSIERE PRINCIPE PIETRO	41,787	41,787	-	-	-	-	-	-	16,308	-	-	-	-	-	-	-	8,512	66,607	60,009	6,599
BORGONOVO VAL TIDONE	475,108	475,108	-	-	-	56,810	87,567	-	31,598	-	-	-	-	-	-	-	-	651,084	389,698	261,386
BORGOTARO	485,002	485,002	-	11,389	18,401	95,615	128,117	-	16,994	-	-	-	-	-	-	-	-	755,519	518,718	236,801
BORMIO	329,754	329,754	-	-	-	32,768	-	-	3,881	-	-	-	-	-	-	-	515,960	882,363	163,239	719,124

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
BORMIO	-585,832	-585,832	-	-	61,975	1,456,667	-	-	485,727	-	-	-	-	-	-	-	3,054,790	4,473,327	1,420,683	3,052,644
BORMIO MOLINI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BRESCIA	2,093,908	2,804,546	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,712	2,181,620	1,048,609	1,133,011
BRONI	979,935	979,935	-	-	-	328,983	-	-	300,316	50,149	-	-	-	-	-	-	-	1,659,383	1,167,597	491,786
BRUGNATO	421,122	421,122	-	-	-	-	127,067	-	43,974	-	-	-	-	-	-	-	173,300	765,462	637,631	127,831
BRUGNERA	2,176,623	2,472,492	-	-	-	-	-	-	170,054	-	-	-	-	-	-	-	-	2,346,678	1,436,308	910,370
BUIA	415,156	415,156	-	-	-	-	-	-	90,508	-	-	-	-	-	-	-	-	505,664	351,895	153,769
BULCIAGO	505,025	505,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93,278	598,303	430,964	167,339
BUSSETO	729,508	729,508	-	22,360	-	-	468,356	-	100,485	-	-	-	-	-	-	-	-	1,320,709	882,294	438,415
CA GREEN LIFE	80,705,979	84,959,175	-	-	-	-	22,803,265	42,608	3,941,633	-	-	-	-	-	-	-	-	107,493,485	46,948,350	60,545,135
CADEO	484,175	484,175	-	-	-	-	16,673	-	102,983	-	-	-	-	-	-	-	-	603,832	410,127	193,705
CALATAFIMI	630,698	630,698	-	-	-	-	-	254,187	-	-	-	-	-	-	-	-	44,102	928,987	740,675	188,311
CALENDASCO	314,391	314,391	-	-	-	-	36,431	-	41,650	-	-	-	-	-	-	-	-	392,472	178,879	213,592
CALESTANO	102,139	102,139	-	9,321	1,911	47,801	94,609	-	17,398	-	-	-	-	-	-	-	-	273,179	156,412	116,767
CALICE AL CORNOVIGLIO	56,772	56,772	-	-	-	-	17,175	-	1,980	-	-	-	-	-	-	-	89,692	165,618	132,013	33,606
CALTAGIRONE	-1,551,315	398,299	-	-	20,560	534,868	-	-	529,785	-	-	-	-	-	-	-	4,092,585	3,626,483	2,420,909	1,205,573
CALTANISSETTA	418,922	418,922	-	-	-	49,282	-	-	193,641	-	-	-	-	-	-	-	371,906	1,033,751	507,147	526,604
CAMPODOLCINO	-18,435	53,163	-	-	-	68,201	-	-	22,733	-	-	-	-	-	-	-	194,540	267,040	84,812	182,228
CAMPODOLCINO	-259,573	-155,390	-	-	-	194,446	-	-	64,814	-	-	-	-	-	-	-	554,645	554,332	254,821	299,511
CANNIZZARO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CANNIZZARO	301,718	301,718	-	-	-	-	-	-	37,000	-	-	-	-	-	-	-	901,173	1,239,891	642,704	597,187
CAORSO	420,128	420,128	-	-	-	98,127	101,462	-	41,257	-	-	-	-	-	-	-	-	660,974	355,416	305,558
CAPANNOLI	3,887	3,887	-	-	-	-	-	-	-	-	2,118	-	-	-	-	-	-	6,006	731	5,274
CAPANNOLI	273,070	309,723	-	-	-	-	-	-	-	-	9,200	-	-	-	-	-	-	282,270	93,931	188,339
CAPANNOLI	11,968	11,968	-	-	-	-	-	-	-	-	602	-	-	-	-	-	-	12,570	3,112	9,457
CARRARA	1,889,408	1,889,408	-	-	-	-	-	905,346	222,095	-	-	-	-	-	-	531,937	452,996	4,001,782	2,655,970	1,345,812
CARRARA	2,434,811	2,434,811	-	-	-	-	43,972	-	112,869	-	-	-	-	-	-	-	807,721	3,399,372	1,826,789	1,572,584
CARRARA	-52,469	-52,469	-	-	-	-	-	64,806	385,522	-	-	-	-	-	-	167,428	-	565,287	461,956	103,331
CASALBUTT	78,557	78,557	506	31,536	-	-	-	-	57,722	100,940	-	-	-	-	-	-	-	269,261	193,009	76,251
CASALMAGGIORE	278,021	278,021	2,359	22,273	-	-	-	-	36,030	292,244	-	-	-	-	-	-	-	630,927	397,332	233,594
CASALPUSTERLENGO	904,504	904,504	-	-	-	211,740	-	-	409,979	266,529	-	-	-	-	-	-	-	1,792,751	1,354,249	438,502
CASARSA DELLA DELIZIA	856,447	856,447	-	-	-	159,952	-	-	480,375	-	-	-	-	-	-	-	-	1,496,774	1,067,260	429,514
CASPOGGIO	70,825	145,833	-	-	-	-	-	-	263,229	-	-	-	-	-	-	-	762,976	1,097,030	532,659	564,371
CASSACCO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASSACCO	610,627	610,627	-	-	-	-	-	-	65,673	-	-	-	-	-	-	-	-	676,300	330,519	345,780
CASSINO CASILINA	-70,947	788,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,622,240	1,551,293	1,007,205	544,088
CASSOLNOVO	514,377	534,299	-	-	10,329	-	91,583	-	21,130	-	-	-	-	-	-	-	-	637,419	306,796	330,623
CASTEL SANGIO	841,422	841,422	-	-	-	171,844	413,391	-	88,751	-	-	-	-	-	-	-	-	1,515,408	904,302	611,106
CASTELFIORENTINO	478,919	478,919	-	-	-	-	-	-	-	-	14,609	-	-	-	-	-	-	493,528	177,310	316,218
CASTELFRANCO DI SOTTO	22,817	22,817	-	-	-	-	-	-	-	-	1,984	-	-	-	-	-	-	24,801	5,864	18,937
CASTELFRANCO DI SOTTO	1,069,015	1,069,015	-	-	-	-	-	-	-	-	6,973	-	-	-	-	-	-	1,075,988	340,490	735,498
CASTELLUCCHIO	726,202	828,407	-	-	-	-	-	-	226,505	49,464	-	-	-	-	-	-	-	1,002,171	716,583	285,588
CASTELNUOVO MAGRA	505,578	505,578	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,424	512,001	238,005	273,997
CASTELVERD	70,667	70,667	-	5,416	-	-	-	-	17,640	92,677	-	-	-	-	-	-	-	186,400	122,801	63,599
CASTENASO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASTENASO	556,693	556,693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	556,693	108,677	448,016
CATANIA	344,166	344,166	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,931	488,097	273,813	214,284
CATANIA	2,512,317	4,289,480	-	-	-	516,000	-	-	1,218,000	-	-	-	-	-	-	-	1,290,818	5,537,135	2,208,163	3,328,971
CATTOLICA	4,760,455	6,760,455	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,760,455	906,644	3,853,811
CERRETO GUIDI	413,634	413,634	-	-	-	-	-	-	-	-	2,413	-	-	-	-	-	-	416,047	138,336	277,711
CERRETO GUIDI	303,737	303,737	-	-	-	-	-	-	-	-	4,601	-	-	-	-	-	-	308,338	109,135	199,204
CERTOSA DI PAVIA	499,604	499,604	-	4,692	-	120,851	-	-	82,275	28,618	-	-	-	-	-	-	-	736,040	428,896	307,144
CERVIGNANO	231,848	231,848	-	82,225	12,395	473,591	-	-	154,057	-	-	-	-	-	-	-	-	954,116	600,919	353,197
CESENA	592,107	592,107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	592,107	128,153	463,954
CHIAVENNA	-179,184	748,998	-	-	-	234,134	-	-	444,452	-	-	-	-	-	-	-	2,678,104	3,177,506	1,586,514	1,590,992
CHIURO	40,112	40,112	-	-	-	-	-	-	117,650	-	-	-	-	-	-	-	708,537	866,299	442,356	423,943
CINGIA DE'BOTT	9,619	9,619	429	5,941	-	-	-	-	12,612	74,914	-	-	-	-	-	-	-	103,516	75,082	28,434
CLAUT	448,711	448,711	-	5,419	-	-	-	-	32,797	-	-	-	-	-	-	-	-	486,927	359,695	127,232

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
CODOGNO	1,335,309	1,335,309	-	-	-	-	171,309	-	217,624	-	-	-	-	-	-	-	-	1,724,242	1,267,413	456,829
COENZO	371,668	403,344	-	1,808	-	-	138,121	-	9,465	-	-	-	-	-	-	-	-	521,062	334,297	186,765
COLLE UMBERTO	277,985	277,985	-	-	-	-	-	-	34,706	-	-	-	-	-	-	-	-	312,691	312,691	-
COLLECCHIO	2,167,363	2,412,088	-	-	-	-	288,117	-	191,196	-	-	-	-	-	-	-	-	2,646,676	1,528,778	1,117,898
COLLECCHIO	832,482	1,057,168	-	-	-	73,636	-	59,469	641,640	-	-	-	-	-	-	-	-	1,607,226	999,034	608,192
COLOGNO MONZESE	1,069,669	1,069,669	-	-	23,617	67,139	-	-	161,867	-	-	-	-	-	-	-	391,668	1,713,960	781,626	932,333
COLOGNO MONZESE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COLOGNO MONZESE	-43,753	-43,753	-	-	-	-	-	-	346,901	-	-	-	-	-	-	-	856,894	1,160,042	538,982	621,060
COLORNO	1,062,310	1,164,854	-	-	-	-	786,454	-	108,667	-	-	-	-	-	-	-	-	1,957,431	1,273,817	683,614
COMEGLIANS	328,050	328,050	-	20,658	4,390	-	-	-	55,105	-	-	-	-	-	-	-	-	408,203	294,325	113,878
COMO	3,341,723	3,732,428	-	-	-	-	-	-	-	-	-	-	-	-	-	-	567,151	3,908,874	2,058,743	1,850,131
COMO	-15,805	-15,805	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,805	-	-	-
CONCORDIA SAGITTARIA	1,584,463	1,612,363	-	-	-	-	-	-	12,472	-	-	-	-	-	-	-	-	1,596,935	871,709	725,225
CORIANO	2,407,674	2,407,674	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,407,674	698,155	1,709,519
CORIANO	672,587	672,587	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	672,587	134,350	538,237
CORNIGLIO	151,514	151,514	-	26,353	928	48,146	194,040	-	35,078	-	-	-	-	-	-	-	-	456,059	266,792	189,267
CORNO DI ROSAZZO	528,494	528,494	-	-	-	-	-	-	69,636	-	-	-	-	-	-	-	-	598,130	509,136	88,994
CORTE DE'	138,546	138,546	-	713	-	-	-	-	7,370	47,582	-	-	-	-	-	-	-	194,210	117,673	76,537
CORTEMAGGIORE	380,259	380,259	-	-	-	77,469	87,409	-	35,055	-	-	-	-	-	-	-	-	580,192	296,131	284,060
CORTEOLONA	47,714	47,714	-	9,608	-	-	-	-	20,950	74,440	-	-	-	-	-	-	-	152,711	109,922	42,789
COSIO VALTELLINO	164,520	164,520	-	-	-	-	-	-	81,388	-	-	-	-	-	-	-	369,776	615,684	320,127	295,556
CREMA	790,451	790,451	4,822	56,297	-	298,140	-	-	628,944	257,319	-	-	-	-	-	-	-	2,035,973	1,403,249	632,724
DELEBIO	72,651	314,938	-	-	-	-	-	-	157,029	-	-	-	-	-	-	-	796,600	1,026,280	551,494	474,786
DELEBIO	147,234	219,170	-	-	-	-	-	-	30,756	-	-	-	-	-	-	-	156,024	334,014	113,886	220,127
DUBINO	10,326	16,092	-	-	-	-	-	-	2,824	-	-	-	-	-	-	-	11,079	24,229	6,813	17,416
DUBINO	51,421	51,421	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,890	75,311	49,651	25,660
EMPOLI	874,141	874,141	-	-	-	-	-	-	-	-	7,800	-	-	-	-	-	-	881,940	194,056	687,884
EMPOLI	1,711,681	1,711,681	-	-	-	-	-	-	-	-	87,894	-	-	-	-	-	-	1,799,575	610,597	1,188,978
ENNA	810,300	810,300	-	-	-	-	-	-	48,959	-	-	-	-	-	-	-	12,466	871,725	659,397	212,328
ERBA	2,046,277	2,046,277	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,039	2,105,316	1,414,283	691,034
FALCONARA MARITTIMA	328,583	328,583	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	328,583	101,592	226,991
FELINO	819,375	971,099	-	35,969	10,329	87,798	-	301,908	220,281	-	-	-	-	-	-	-	-	1,475,660	876,446	599,214
FERRIERE	178,073	178,073	-	-	-	-	4,523	-	53,147	-	-	-	-	-	-	-	-	235,743	185,715	50,028
FICARAZZI	-32,847	-32,847	-	-	-	-	-	-	134,000	-	-	-	-	-	-	-	457,508	558,661	337,770	220,891
FIDENZA	655,014	655,014	-	-	-	28,659	345,710	-	48,093	-	-	-	-	-	-	-	-	1,077,476	672,478	404,998
FIDENZA	2,121,696	2,150,651	-	83,677	29,665	215,527	307,531	-	-	-	-	-	-	-	-	-	-	2,758,096	1,390,636	1,367,459
FIORENZUOLA D'ARDA	626,102	626,102	-	-	-	135,487	183,413	-	114,352	-	-	-	-	-	-	-	-	1,059,353	540,637	518,716
FIRENZE	7,173,559	7,173,559	-	-	-	-	-	-	-	-	1,738,055	-	-	-	-	-	-	8,911,614	3,032,039	5,879,576
FIUME VENETO	421,423	421,423	-	11,413	3,099	-	-	-	93,784	-	-	-	-	-	-	-	-	529,719	340,600	189,120
FIUMEFREDDO	-15,106	-15,106	-	-	-	41,000	-	-	46,000	-	-	-	-	-	-	-	457,032	528,926	280,710	248,216
FIVIZZANO	848,636	848,636	-	-	-	-	61,448	7,445	70,857	-	-	-	-	-	-	-	213,451	1,201,837	957,877	243,960
FLORESTA	7,511	7,511	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,449	19,960	12,695	7,266
FOLLO	519,466	519,466	-	-	-	-	49,667	-	879	-	-	-	-	-	-	-	146,079	716,091	604,491	111,600
FONTANA LIRI	-274,677	-274,677	-	-	-	83,618	-	-	56,410	-	-	-	-	-	-	-	248,099	113,450	69,747	43,703
FONTANELLATO	762,617	762,617	-	29,897	-	111,655	379,247	-	15,582	-	-	-	-	-	-	-	-	1,298,998	831,447	467,551
FONTANELLE	84,888	110,777	-	9,533	2,582	45,448	-	151,905	63,487	-	-	-	-	-	-	-	-	357,844	231,517	126,327
FONTEVIVO	285,734	333,595	-	11,927	20,658	103,291	-	350,998	299,492	-	-	-	-	-	-	-	-	1,072,100	569,094	503,006
FORNOVO TARO	1,211,968	1,211,968	-	8,156	19,437	-	198,065	-	14,142	-	-	-	-	-	-	-	-	1,451,768	950,411	501,357
FROSINONE	986,572	986,572	-	-	-	-	-	-	467,102	-	-	-	-	-	-	-	1,023,189	2,476,863	1,586,241	890,621
FROSINONE I	-19,650	-10,674	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,923	1,272	-	1,272
FUCECCHIO	621,689	621,689	-	-	-	-	-	-	-	-	373,900	-	-	-	-	-	-	995,589	296,316	699,273
GAMBOLO'	416,272	416,272	-	-	10,329	-	94,165	-	4,474	-	-	-	-	-	-	-	-	525,240	342,429	182,811
GEMONA	910,472	910,472	-	-	-	-	-	-	130,029	-	-	-	-	-	-	-	-	1,040,501	881,213	159,288
GIARRE	445,031	576,354	-	-	-	41,000	-	-	240,000	-	-	-	-	-	-	-	694,645	1,420,676	670,847	749,829
GORIZIA	1,313,898	1,313,898	-	114,021	21,545	729,728	-	-	299,383	-	-	-	-	-	-	-	-	2,478,576	1,769,770	708,805
GRADARA	209,631	262,744	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209,631	62,771	146,860
GRAGNANO TREBBIENSE	298,660	298,660	-	-	-	41,317	23,034	-	29,569	-	-	-	-	-	-	-	-	392,580	245,747	146,834
GROSIO	208,357	208,357	-	-	-	200,903	-	-	144,288	-	-	-	-	-	-	-	489,341	1,042,889	524,475	518,414

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
GROSOTTO	43,741	43,741	-	-	-	-	-	-	44,055	-	-	-	-	-	-	-	212,276	300,072	136,072	164,000
GRUMELLO CREMONESE	156,931	156,931	59	2,644	-	-	-	-	9,162	66,174	-	-	-	-	-	-	-	234,970	126,272	108,698
GUARDIA	157,047	157,047	-	-	-	-	-	-	184,000	-	-	-	-	-	-	-	400,700	741,747	371,658	370,089
GUSSOLA	67,665	67,665	-	7,753	-	-	-	-	58,355	51,318	-	-	-	-	-	-	-	185,089	136,575	48,514
LA SPEZIA	648,416	648,416	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92,273	740,690	311,269	429,421
LA SPEZIA	11,186,761	11,186,761	-	-	401,545	1,603,647	3,118,336	-	1,164,756	-	-	-	-	-	-	-	4,724,760	22,199,805	10,437,648	11,762,157
LA SPEZIA	1,120,955	1,120,955	-	-	-	-	328,874	-	45,497	-	-	-	-	-	-	-	281,816	1,777,142	1,410,390	366,752
LA SPEZIA	73,349	73,349	-	-	-	-	41,382	-	9,764	-	-	-	-	-	-	-	76,800	201,295	64,032	137,263
LA SPEZIA	3,263,212	3,263,212	-	-	-	-	443,693	-	262,165	-	-	-	-	-	-	-	1,207,474	5,176,544	4,258,693	917,851
LA SPEZIA	2,143,133	2,143,133	-	-	-	-	248,904	-	68,478	-	-	-	-	-	-	-	517,313	2,977,828	2,284,606	693,222
LA SPEZIA	1,144,490	1,144,490	-	-	-	203,259	141,229	-	104,793	-	-	-	-	-	-	-	444,021	2,037,791	1,598,674	439,117
LA SPEZIA	1,000,774	1,000,774	-	-	-	-	-	-	-	-	-	-	-	-	-	-	423,855	1,424,629	278,682	1,145,947
LA SPEZIA	1,135,261	1,135,261	-	-	-	231,608	215,178	-	106,104	-	-	-	-	-	-	-	409,903	2,098,053	1,652,092	445,961
LA SPEZIA	2,914,503	2,914,503	-	-	-	-	371,132	-	253,378	-	-	-	-	-	-	-	2,090,773	5,629,787	3,693,428	1,936,359
LA SPEZIA	1,077,110	1,077,110	-	-	-	172,169	127,874	-	85,263	-	-	-	-	-	-	-	375,890	1,838,305	1,487,955	350,350
LA SPEZIA	-184,546	-184,546	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184,546	-	-	-
LA SPEZIA	1,389,465	1,389,465	-	-	-	-	105,729	-	1,512,010	-	-	-	-	-	-	-	545,077	3,552,281	1,941,246	1,611,035
LA SPEZIA	1,333,389	1,333,389	-	-	-	159,356	264,582	-	94,216	-	-	-	-	-	-	-	518,127	2,369,671	1,943,077	426,594
LA SPEZIA	743,194	743,194	-	-	-	-	331,678	-	9,447	-	-	-	-	-	-	-	219,704	1,304,023	792,227	511,796
LA SPEZIA	900,512	900,512	-	-	-	-	65,547	-	145,997	-	-	-	-	-	-	-	214,886	1,326,942	913,947	412,995
LA SPEZIA	657,755	657,755	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,843	681,598	288,855	392,744
LA SPEZIA	436,370	436,370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67,019	503,389	377,728	125,661
LA SPEZIA	215,974	215,974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,651	221,625	93,255	128,370
LAGRIMONE	183,991	183,991	-	-	-	-	-	99,980	-	-	-	-	-	-	-	-	-	283,972	246,864	37,108
LANGHIRANO	1,041,516	1,041,516	-	42,532	12,128	90,543	562,140	-	50,672	-	-	-	-	-	-	-	-	1,799,531	839,253	960,278
LANGHIRANO	57,180	98,002	-	34,618	15,494	162,684	-	255,039	217,764	-	-	-	-	-	-	-	-	742,779	448,913	293,866
LANGHIRANO	414,265	414,265	-	-	-	-	138	-	-	-	-	-	-	-	-	-	-	414,402	302,283	112,119
LANZADA	-15,511	-15,511	-	-	-	86,610	-	-	50,132	-	-	-	-	-	-	-	399,786	521,017	298,087	222,930
LATISANA	1,638,934	1,638,934	-	-	-	750,006	-	-	226,281	-	-	-	-	-	-	-	-	2,615,221	766,385	1,848,836
LECCO	8,511,401	8,511,401	-	-	-	-	-	-	523,786	-	-	-	-	-	-	-	1,418,168	10,453,355	7,712,838	2,740,518
LECCO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LERICI	1,731,484	1,731,484	-	-	-	-	286,365	-	81,078	-	-	-	-	-	-	-	751,232	2,850,159	2,122,855	727,304
LERICI-SAN TERENZO DI LERICI	3,936,094	3,936,094	-	-	-	-	3,287,968	-	1,580,071	-	-	-	-	-	-	-	12,455,221	21,259,354	9,371,617	11,887,736
LERICI-SAN TERENZO DI LERICI	855,099	855,099	-	-	-	-	120,382	-	7,718	-	-	-	-	-	-	-	180,807	1,164,007	804,387	359,620
LERICI-SAN TERENZO DI LERICI	97,899	97,899	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	97,899	-	97,899
LEVANTO	1,797,121	1,797,121	-	-	-	-	7,353	-	117,929	-	-	-	-	-	-	-	722,812	2,645,214	2,089,296	555,918
LICCIANA NARDI	60,539	60,539	-	-	-	-	26,585	-	12,575	-	-	-	-	-	-	-	4,653	104,352	37,532	66,820
LICCIANA NARDI	799,075	799,075	-	-	-	-	97,505	-	-	-	-	-	-	-	-	-	225,825	1,122,406	942,520	179,886
LIGNANO PINETA	620,092	620,092	-	-	27,338	96,175	-	-	38,104	-	-	-	-	-	-	-	-	781,709	286,622	495,088
LIGNANO SABBIADORO	2,966,004	2,966,004	-	-	-	-	-	-	71,312	-	-	-	-	-	-	-	-	3,037,316	1,816,436	1,220,881
LISSONE	254,675	254,675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	229,501	484,176	282,218	201,958
LIVIGNO	3,056,256	3,056,256	-	-	41,317	718,885	-	-	365,456	-	-	-	-	-	-	-	3,063,975	7,245,889	1,852,140	5,393,749
LIVORNO	259,633	410,365	-	-	-	-	-	-	-	-	2,006	-	-	-	-	-	-	261,639	102,406	159,233
LODI	704,355	704,355	4,127	113,691	-	-	-	-	259,762	1,051,150	-	-	-	-	-	-	-	2,133,086	1,451,874	681,212
LUGAGNANO VAL	756,255	756,255	-	-	-	65,107	28,660	-	26,297	-	-	-	-	-	-	-	-	876,320	492,109	384,211
MADESIMO	310,751	310,751	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,391	376,142	246,528	129,614
MANIAGO	870,889	870,889	-	26,831	5,676	242,001	-	-	110,197	-	-	-	-	-	-	-	-	1,255,594	1,191,413	64,180
MANTOVA	5,071,705	5,071,705	-	-	-	-	-	-	1,560,197	321,766	-	-	-	-	-	-	-	6,953,667	5,855,469	1,098,198
MANZANO	924,818	924,818	-	14,977	5,165	121,108	-	-	134,959	-	-	-	-	-	-	-	-	1,201,027	820,006	381,022
MARMIROLO	173,795	173,795	-	10,252	-	-	-	-	78,068	61,702	-	-	-	-	-	-	-	323,816	234,065	89,751
MASSA	174,863	174,863	-	17,556	-	-	-	105,023	557,251	-	-	-	-	-	-	216,535	296,879	1,368,107	1,042,129	325,978
MEDESANO	250,004	250,004	-	18,132	9,531	108,953	219,782	-	40,468	-	-	-	-	-	-	-	-	646,870	383,699	263,171
MELDOLA	119,951	144,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119,951	31,423	88,528
MEZZANI	32,302	32,302	-	5,127	5,210	38,218	-	65,506	53,984	-	-	-	-	-	-	-	-	200,348	150,824	49,524
MILAN	2,399,793	2,399,793	-	-	-	-	1,547,429	-	157,597	-	-	-	-	-	-	-	-	4,104,819	2,952,386	1,152,433
MILAN	2,749,633	2,749,633	-	-	-	-	-	-	932,758	278,224	-	-	-	-	-	-	-	3,960,615	3,296,988	663,627
MILAN	816,865	816,865	-	81,632	-	371,849	-	-	543,908	268,264	-	-	-	-	-	-	-	2,082,518	1,397,233	685,285
MILAN	569,916	569,916	-	92,969	-	291,282	-	-	439,674	275,121	-	-	-	-	-	-	-	1,668,962	1,193,719	475,242

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
MILAN	711,368	711,368	-	41,673	-	127,048	-	-	258,173	351,453	-	-	-	-	-	-	-	1,489,715	989,483	500,232
MILAN	603,271	603,271	-	103,421	-	335,697	-	-	381,513	161,503	-	-	-	-	-	-	-	1,585,405	1,148,660	436,745
MILAN	608,800	608,800	-	191,991	-	192,122	-	-	433,140	889,114	-	-	-	-	-	-	-	2,315,166	1,658,490	656,676
MILAN	987,740	987,740	-	-	-	-	-	-	124,827	-	-	-	-	-	-	-	577,314	1,689,881	839,437	850,443
MILAN	4,713,832	4,713,832	-	-	-	-	-	-	188,260	-	-	-	-	-	-	-	956,856	5,858,948	5,858,948	-
MILAN	704,681	747,674	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,071	791,752	479,953	311,798
MILANO FELTRE	15,866,209	25,175,425	-	-	-	3,517,071	-	-	5,846,835	-	-	-	-	-	-	-	11,687,422	36,917,537	11,208,151	25,709,386
MISANO ADRIATICO	1,768,145	1,811,829	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,768,145	314,675	1,453,470
MISANO ADRIATICO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MISANO ADRIATICO	307,200	307,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	307,200	81,912	225,288
MONCHIO	58,818	58,818	-	1,143	5,726	59,171	90,515	-	10,666	-	-	-	-	-	-	-	-	226,039	148,442	77,597
MONTEFIASCONE	2,480,008	4,158,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	670,554	3,150,561	2,195,338	955,224
MONTEFIASCONE	833,897	833,897	-	-	-	111,954	-	-	-	-	-	-	-	-	-	273,406	249,958	1,469,215	1,175,832	293,383
MONTELUPO FIORENTINO	543,877	543,877	-	-	-	-	-	-	-	-	16,061	-	-	-	-	-	-	559,938	165,853	394,085
MONTEROSSO AL MARE	351,988	351,988	-	-	-	-	126,073	-	3,263	-	-	-	-	-	-	-	171,645	652,968	499,527	153,441
MONTESCUDO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MONTESCUDO	381,256	461,029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	381,256	95,412	285,844
MONTICELLI	494,752	494,752	-	-	-	-	-	-	69,145	-	-	-	-	-	-	-	-	563,897	379,367	184,530
MONTOPOLI VALDARNO	234,828	234,828	-	-	-	-	-	-	-	-	3,959	-	-	-	-	-	-	238,786	82,906	155,880
MONTOPOLI VALDARNO	647,347	647,347	-	-	-	-	-	-	-	-	11,690	-	-	-	-	-	-	659,037	198,609	460,428
MONZA	547,568	547,568	-	-	12,607	30,987	-	-	79,196	-	-	-	-	-	-	-	488,906	1,159,264	760,998	398,266
MONZA	4,023,415	4,023,415	-	-	29,558	169,220	-	-	270,304	-	-	-	-	-	-	-	2,687,797	7,180,295	3,952,332	3,227,963
MORBEGNO	127,289	2,294,625	-	-	25,823	-	-	-	371,865	-	-	-	-	-	-	-	2,180,694	2,705,671	1,807,470	898,201
MORCIANO DI ROMAGNA	1,164,800	1,347,051	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,164,800	168,469	996,332
MORFASSO	213,288	213,288	-	-	-	-	-	-	49,730	-	-	-	-	-	-	-	-	263,017	210,048	52,969
MUSSOMELI	-21,131	-21,131	-	-	24,191	25,995	-	-	68,770	-	-	-	-	-	-	-	193,108	290,933	155,039	135,894
MUZZANA DEL TURGANO	384,256	384,256	-	-	-	40,705	-	-	-	-	-	-	-	-	-	-	-	424,961	246,369	178,591
NEVIANO ARDUINI	72,829	72,829	-	3,954	2,574	46,044	88,290	-	11,935	-	-	-	-	-	-	-	-	225,627	151,097	74,531
NIMIS	628,917	628,917	-	-	-	-	-	-	72,854	-	-	-	-	-	-	-	-	701,771	424,037	277,734
NOCETO	815,950	815,950	-	14,143	10,558	76,036	108,038	-	28,103	-	-	-	-	-	-	-	-	1,052,827	700,882	351,945
NOVALUCE	653,659	653,659	-	-	-	-	-	-	100,000	-	-	-	-	-	-	-	519,185	1,272,844	592,705	680,139
NUOVA OLONIO	417,658	709,004	-	-	-	-	-	-	195,149	-	-	-	-	-	-	-	765,555	1,378,362	724,363	653,999
ODERZO	2,654,204	2,696,422	-	-	-	-	-	-	266,981	-	-	-	-	-	-	-	-	2,921,185	826,544	2,094,641
ORTONOVO	699,182	699,182	-	-	-	-	19,306	-	25,241	-	-	-	-	-	-	-	151,334	895,062	696,203	198,859
OSIMO	302,944	302,944	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	302,944	65,860	237,085
OSNAGO	446,612	446,612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,618	522,230	332,236	189,994
OSTIGLIA	119,895	119,895	-	-	-	-	-	-	54,938	77,867	-	-	-	-	-	-	-	252,701	173,087	79,613
OTTONE	69,594	69,594	-	-	-	15,494	33,085	-	7,709	-	-	-	-	-	-	-	-	125,882	75,694	50,188
PADERNO PO	70,137	70,137	-	4,106	-	-	-	-	14,653	84,481	-	-	-	-	-	-	-	173,377	114,920	58,457
PALAIA	212,581	212,581	-	-	-	-	-	-	-	-	29,687	-	-	-	-	-	-	242,268	81,708	160,561
PALANZANO	76,040	76,040	-	974	8,767	46,594	122,582	-	13,092	-	-	-	-	-	-	-	-	268,049	181,842	86,207
PALERMO	65,700	65,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149,467	215,167	134,811	80,356
PALERMO	1,015,109	1,015,109	-	-	-	-	-	-	283,736	-	-	-	-	-	-	-	603,019	1,901,864	606,016	1,295,848
PALERMO	87,710	102,118	-	-	-	1,052,192	-	-	580,976	-	-	-	-	-	-	-	2,047,677	3,768,555	1,280,852	2,487,703
PALERMO	2,549,833	2,549,833	-	-	-	464,970	-	-	338,286	-	-	-	-	-	-	-	2,630,943	5,984,032	2,216,975	3,767,058
PALMANOVA	891,306	891,306	-	46,915	8,263	142,129	-	-	106,241	-	-	-	-	-	-	-	-	1,194,855	1,031,483	163,372
PALUZZA	333,843	333,843	-	16,010	4,648	-	-	-	93,911	-	-	-	-	-	-	-	-	448,412	290,880	157,532
PANDINO	466,329	466,329	1,731	27,915	-	-	-	-	66,462	159,407	-	-	-	-	-	-	-	721,844	351,516	370,328
PARMA	837,284	837,284	-	99,914	-	249,070	983,272	-	378,832	-	-	-	-	-	-	-	-	2,548,371	1,660,922	887,449
PARMA	1,020,555	1,197,700	-	-	-	-	670,397	-	78,007	-	-	-	-	-	-	-	-	1,768,959	1,007,128	761,832
PARMA	1,574,561	1,574,561	-	56,793	3,788	285,627	807,691	-	189,474	-	-	-	-	-	-	-	-	2,917,934	1,888,221	1,029,713
PARMA	3,840,176	3,840,176	-	-	-	-	1,954,872	-	607,415	-	-	-	-	-	-	-	-	6,402,462	4,628,341	1,774,121
PARMA	1,071,304	1,071,304	-	2,406	25,203	112,926	159,997	-	166,015	-	-	-	-	-	-	-	-	1,537,850	1,069,157	468,694
PARMA	1,052,093	1,052,093	-	37	-	382,861	887,578	-	319,388	-	-	-	-	-	-	-	-	2,641,957	1,652,823	989,134
PARMA	653,861	653,861	-	15,987	-	186,612	319,851	-	149,334	-	-	-	-	-	-	-	-	1,325,646	839,567	486,079
PARMA	4,208,279	4,208,279	-	-	-	-	2,518	-	-	-	-	-	-	-	-	-	-	4,210,797	2,765,924	1,444,872
PARMA	3,847,950	3,847,950	-	-	-	-	42,090	-	-	-	-	-	-	-	-	-	-	3,890,039	-	3,890,039

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
PARMA	527,548	527,548	-	-	-	-	131,803	-	54,888	-	-	-	-	-	-	-	-	714,239	714,239	-
PARMA	2,527,454	2,527,454	-	385,900	-	1,501,229	3,609,776	-	389,474	-	-	-	-	-	-	-	-	8,413,834	3,288,979	5,124,855
PARMA	1,157,048	1,157,048	-	-	-	179,927	-	498,958	177,237	-	-	-	-	-	-	-	-	2,013,170	1,405,347	607,823
PARMA	570,016	570,016	-	-	-	-	-	436,369	70,280	-	-	-	-	-	-	-	-	1,076,666	720,284	356,381
PARMA	2,952,350	4,534,515	-	369,753	377,014	1,649,625	-	1,947,925	2,756,842	-	-	-	-	-	-	-	-	10,053,508	6,570,223	3,483,286
PARMA	2,638,813	2,638,813	-	510,263	195,089	2,039,910	6,708,770	-	428,631	-	-	-	-	-	-	-	-	12,521,477	3,027,731	9,493,746
PARONA	145,005	154,274	-	-	-	-	75,689	-	12,941	-	-	-	-	-	-	-	-	233,635	138,570	95,065
PASIANO	407,472	407,472	-	-	-	231,314	-	-	376,445	-	-	-	-	-	-	-	-	1,015,231	897,986	117,245
PASTURO	-48,696	-48,696	-	-	-	-	-	-	69,690	-	-	-	-	-	-	-	281,230	302,224	149,291	152,933
PASTURO	80,671	80,671	-	-	-	-	-	-	31,924	-	-	-	-	-	-	-	128,828	241,424	74,035	167,389
PAVIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAVIA	755,031	755,031	-	-	-	-	22,047	-	32,726	-	-	-	-	-	-	-	-	809,803	512,127	297,676
PELLEGRINO	254,342	254,342	-	15,431	2,998	49,259	182,482	-	19,224	-	-	-	-	-	-	-	-	523,736	316,866	206,870
PIACENZA	1,710,430	1,710,430	-	-	-	-	426,870	-	215,624	-	-	-	-	-	-	-	-	2,352,925	1,495,077	857,848
PIACENZA	5,002,721	5,002,721	-	-	769,851	1,567,362	5,788,954	-	1,952,811	-	-	-	-	-	-	-	-	15,081,699	6,599,097	8,482,602
PIACENZA	1,274,713	1,274,713	-	-	-	-	195,554	-	196,597	-	-	-	-	-	-	-	-	1,666,865	1,060,231	606,634
PIANELLO VAL TI	491,033	491,033	-	-	-	-	60,751	-	9,449	-	-	-	-	-	-	-	-	561,232	325,756	235,476
PIEDIMONTE ETNEO	53,653	53,653	-	-	-	-	-	-	14,000	-	-	-	-	-	-	-	198,322	265,975	167,647	98,329
PIEDIMONTE SAN GERMANO	-21,046	-21,046	-	-	19,724	39,937	-	-	84,635	-	-	-	-	-	-	-	300,568	423,818	288,572	135,246
PIEVE D'OLMI	28,668	28,668	-	12,488	-	-	-	-	21,534	48,712	-	-	-	-	-	-	-	111,402	76,423	34,980
PIEVE PORTO MORONE	163,526	163,526	-	-	-	-	-	-	53,937	84,966	-	-	-	-	-	-	-	302,429	207,125	95,304
PIEVEOTTOVILLE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIEVEOTTOVILLE ZIBELLO	44,007	44,007	-	342	-	45,249	73,623	-	8,525	-	-	-	-	-	-	-	-	171,744	117,013	54,732
PISA	379,040	379,040	-	-	-	-	-	-	-	-	32,960	-	-	-	-	-	-	412,000	97,418	314,582
PISA	1,389,968	1,389,968	-	-	-	-	-	-	-	-	55,531	-	-	-	-	-	-	1,445,498	486,133	959,366
PIZZIGHETTONE	496,857	496,857	-	-	-	178,694	-	-	99,878	20,092	-	-	-	-	-	-	-	795,520	527,560	267,960
POCENIA	336,280	336,280	-	-	-	-	-	-	6,541	-	-	-	-	-	-	-	-	342,821	228,963	113,858
PODENZANO	633,801	633,801	-	-	-	67,139	115,376	-	70,923	-	-	-	-	-	-	-	-	887,239	513,042	374,196
POGGIBONSI	1,132,938	1,132,938	-	-	-	-	-	-	-	-	16,527	-	-	-	-	-	-	1,149,466	380,207	769,259
POLESINE	492,863	492,863	-	-	-	-	150,460	-	70,135	-	-	-	-	-	-	-	-	713,458	507,911	205,546
PONSACCO	499,784	499,784	-	-	-	-	-	-	-	-	81,113	-	-	-	-	-	-	580,897	135,191	445,706
PONSACCO	973,499	973,499	-	-	-	-	-	-	-	-	32,658	-	-	-	-	-	-	1,006,157	328,498	677,659
PONTE DELL'OLIO	513,652	513,652	-	-	-	-	172,170	-	99,830	-	-	-	-	-	-	-	-	785,652	497,307	288,345
PONTEBBA	343,969	343,969	-	18,718	3,099	-	-	-	77,744	-	-	-	-	-	-	-	-	443,529	321,878	121,650
PONTEDERA	813,108	813,108	-	-	-	-	-	-	-	-	47,170	-	-	-	-	-	-	860,278	305,624	554,654
PONTEDERA	168,581	168,581	-	-	-	-	-	-	-	-	6,677	-	-	-	-	-	-	175,258	59,108	116,150
PONTENURE	832,103	832,103	-	-	-	-	-	-	68,083	-	-	-	-	-	-	-	-	900,186	572,046	328,141
PONTETARO	800,580	800,580	-	19,513	3,367	66,243	93,310	26,289	116,981	-	-	-	-	-	-	-	-	1,126,282	710,332	415,950
PONTREMOLI	229,257	229,257	-	-	-	-	-	20,266	155,726	-	-	-	-	-	-	17,253	88,656	511,158	425,533	85,626
PORDENONE	4,126,440	4,126,440	-	-	58,503	444,601	-	-	4,647,383	-	-	-	-	137,891	-	-	-	9,414,819	2,046,135	7,368,684
PORDENONE	2,286,982	2,286,982	-	-	231,457	1,261,465	-	-	1,932,060	-	-	-	-	218,298	-	-	-	5,930,262	2,364,019	3,566,243
PORDENONE	2,018,100	2,036,082	-	-	-	-	-	-	495,322	-	-	-	-	-	-	-	-	2,513,423	1,094,809	1,418,614
PORDENONE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PORDENONE	247,209	247,209	-	-	18,592	121,597	-	-	311,156	-	-	-	-	-	-	-	-	698,554	295,896	402,658
PORDENONE	1,721,311	1,721,311	-	-	-	601,219	-	-	2,386,151	-	-	-	-	15,494	-	-	-	4,724,174	2,514,648	2,209,526
PORTOVENERE	1,713,891	1,713,891	-	-	-	-	81,023	-	89,171	-	-	-	-	-	-	-	391,749	2,275,835	1,808,051	467,784
POSTA FIBRENO	48,501	48,501	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,239	86,740	44,551	42,189
PRATA DI PORDENONE	639,221	639,221	-	-	-	91,330	-	-	187,120	-	-	-	-	-	-	-	-	917,671	575,944	341,727
RHO	698,704	723,665	-	-	-	-	-	-	-	-	-	-	-	-	-	-	647,147	1,345,851	714,540	631,310
RICCIONE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RICCIONE	6,304,651	6,304,651	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,304,651	866,162	5,438,489
RICCIONE	760,989	760,989	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	760,989	177,043	583,946
RICCIONE	5,224,297	5,224,297	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,224,297	683,658	4,540,639
RICCIONE	4,402,843	4,402,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,402,843	669,321	3,733,522
RICCIONE	814,398	814,398	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	814,398	141,663	672,735
RIMINI	1,034,626	1,034,626	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,034,626	295,609	739,017
RIMINI	24,801,443	24,801,443	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,801,443	2,592,088	22,209,355
RIMINI	2,138,979	2,138,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,138,979	591,181	1,547,798

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
RIMINI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RIMINI	2,366,928	2,802,524	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,366,928	667,239	1,699,689
RIMINI	3,956,243	4,066,161	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,956,243	894,936	3,061,307
RIMINI	4,201,994	4,201,994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,201,994	779,422	3,422,573
RIMINI	7,164,770	7,164,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,164,770	725,596	6,439,174
RIMINI	364,446	392,797	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	364,446	108,865	255,581
RIMINI	2,773,471	2,845,386	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,773,471	625,787	2,147,684
RIMINI	2,042,145	2,042,145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,042,145	358,645	1,683,500
RIMINI	829,300	829,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	829,300	208,845	620,455
RIMINI	6,653,080	6,653,080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,653,080	1,398,228	5,254,852
RIVAROLO	394,579	394,579	-	1,600	-	-	-	-	90,021	14,886	-	-	-	-	-	-	-	501,086	406,332	94,753
ROBECC	138,623	138,623	948	8,786	-	-	-	-	15,957	81,443	-	-	-	-	-	-	-	245,757	119,508	126,249
ROCCABIANCA	896,999	896,999	-	-	-	-	241,824	-	17,912	-	-	-	-	-	-	-	-	1,156,735	563,454	593,281
ROMA	930,711	930,711	-	-	-	-	-	-	-	-	-	-	-	-	-	-	374,036	1,304,747	710,274	594,473
ROMA	-2,317,481	-2,317,481	-	-	-	122,597	-	-	465,525	-	-	-	-	-	-	-	1,729,359	-	-	-
ROMA	483,281	846,027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	483,281	133,383	349,898
ROMANENGO	861,724	861,724	795	12,932	-	-	-	-	21,601	110,278	-	-	-	-	-	-	-	1,007,330	511,055	496,275
RONCHIS	376,460	376,460	-	-	-	-	-	-	20,998	-	-	-	-	-	-	-	-	397,457	276,223	121,235
ROTTOFRENO	47,391	47,391	-	-	-	56,810	61,128	-	24,581	-	-	-	-	-	-	-	-	189,910	133,220	56,690
ROVERBELLA	298,978	316,192	-	14,949	-	-	-	-	22,589	155,423	-	-	-	-	-	-	-	491,939	231,260	260,679
ROVEREDO IN PIANO	946,713	991,615	-	-	-	-	-	-	514,791	-	-	-	-	-	-	-	-	1,461,504	858,504	603,000
SACILE	1,253,453	1,253,453	-	-	8,805	219,518	-	-	342,276	-	-	-	-	45,813	-	-	-	1,869,864	775,920	1,093,944
SAGRADO	485,745	485,745	-	-	-	-	-	-	105,770	-	-	-	-	-	-	-	-	591,516	561,503	30,013
SALA BAGANZA	173,823	173,823	-	46,459	6,907	72,054	323,203	-	59,315	-	-	-	-	-	-	-	-	681,760	295,648	386,112
SALA BAGANZA	627,027	711,796	-	15,749	-	235,765	-	670,239	14,659	-	-	-	-	-	-	-	-	1,563,440	922,861	640,580
SALSOMAGGIORE	1,669,206	1,669,206	-	60,047	41,818	338,509	424,119	-	16,718	-	-	-	-	-	-	-	-	2,550,417	1,675,848	874,569
SAN ANDREA BAGNI	223,532	223,532	-	1,859	-	-	129,517	-	5,253	-	-	-	-	-	-	-	-	360,161	258,851	101,310
SAN CATALDO	3,773	3,773	-	-	-	-	-	-	139,780	-	-	-	-	-	-	-	187,887	331,440	228,242	103,198
SAN COSTANZO	542,428	542,428	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	542,428	254,694	287,734
SAN DANIELE DEL FRIULI	468,494	468,494	-	17,123	11,842	236,666	-	-	-	-	-	-	-	-	-	-	-	734,125	441,411	292,714
SAN GIACOMO DI TEGLIO	182,431	182,431	-	-	-	-	-	-	16,646	-	-	-	-	-	-	-	44,184	243,261	115,471	127,791
SAN GIOVANNI IN CROCE	667,232	667,232	664	3,813	-	-	-	-	11,034	54,843	-	-	-	-	-	-	-	737,585	459,467	278,118
SAN GIOVANNI IN MARIGNANO	1,820,688	1,820,688	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,820,688	458,945	1,361,742
SAN GIULIANO MILANESE	762,651	762,651	-	43,900	-	232,406	-	-	369,534	73,368	-	-	-	-	-	-	-	1,481,860	1,015,752	466,108
SAN MARIA DEL TARO	64,698	64,698	-	3,146	-	58,320	100,472	-	10,200	-	-	-	-	-	-	-	-	236,836	165,515	71,322
SAN MINIATO	5,525,768	5,525,768	-	-	-	-	-	-	-	-	-	2,349,773	-	-	-	-	-	7,875,541	5,419,455	2,456,086
SAN MINIATO	893,143	893,143	-	-	-	-	-	-	-	-	3,741	-	-	-	-	-	-	896,885	298,256	598,628
SAN MINIATO	450,637	450,637	-	-	-	-	-	-	-	-	157,423	-	-	-	-	-	-	608,059	155,738	452,321
SAN MINIATO	90,997	212,551	-	-	-	-	-	-	-	-	72,103	-	-	-	-	-	-	163,100	36,783	126,317
SAN MINIATO	114,428	114,428	-	-	-	-	-	-	-	-	9,950	-	-	-	-	-	-	124,378	24,876	99,502
SAN MINIATO	7,233	66,997	-	-	-	-	-	-	-	-	57,597	-	-	-	-	-	-	64,830	7,519	57,312
SAN MINIATO	898,025	1,095,388	-	-	-	-	-	-	-	-	36,059	-	-	-	-	-	-	934,084	149,113	784,972
SAN MINIATO	77,495	83,871	-	-	-	-	-	-	-	-	3,912	-	-	-	-	-	-	81,407	24,210	57,197
SAN MINIATO	302,318	441,523	-	-	-	-	-	-	-	-	14,129	-	-	-	-	-	-	316,447	80,827	235,620
SAN MINIATO	14,046	14,046	-	-	-	-	-	-	-	-	2,014	-	-	-	-	-	-	16,060	5,889	10,171
SAN MINIATO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SAN MINIATO	4,264,813	4,264,813	-	-	-	-	-	-	-	-	450,703	-	-	-	-	-	-	4,715,516	1,676,756	3,038,760
SAN MINIATO	820,205	820,205	-	-	-	-	-	-	-	-	48,006	-	-	-	-	-	-	868,211	236,569	631,643
SAN MINIATO	187,889	273,973	-	-	-	-	-	-	-	-	76,111	-	-	-	-	-	-	264,000	56,250	207,750
SAN MINIATO	195,010	746,787	-	-	-	-	-	-	-	-	74,990	-	-	-	-	-	-	270,000	43,774	226,226
SAN MINIATO	14,401	14,401	-	-	-	-	-	-	-	-	25,599	-	-	-	-	-	-	40,000	8,839	31,161
SAN MINIATO	1,697,150	1,697,150	-	-	-	-	-	-	-	-	180,242	-	-	-	-	-	-	1,877,392	395,478	1,481,914
SAN NICOLO VALFURVA	815,272	815,272	-	-	-	-	-	-	52,621	-	-	-	-	-	-	-	618,598	1,486,491	544,885	941,606
SAN POLO TORRILE	853,626	915,715	-	-	-	-	-	-	11,996	-	-	-	-	-	-	-	-	865,622	482,938	382,683
SAN SECONDO	470,524	470,524	-	145	-	105,674	392,743	-	71,430	-	-	-	-	-	-	-	-	1,040,515	615,660	424,855
SAN VITO AL TAGLIAMENTO	817,353	830,455	-	-	-	20,168	-	-	167,669	-	-	-	-	-	-	-	-	1,005,190	495,071	510,118

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
SANTA CATERINA VALFURVA	-45,528	-45,528	-	-	-	27,636	-	-	15,787	-	-	-	-	-	-	-	197,482	195,377	122,662	72,715
SANTA CROCE SULL'ARNO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SANTA CROCE SULL'ARNO	519,050	519,050	-	-	-	-	-	-	-	-	7,336	-	-	-	-	-	-	526,386	174,978	351,408
SANTA CROCE SULL'ARNO	423,737	423,737	-	-	-	-	-	-	-	-	4,540	-	-	-	-	-	-	428,277	138,148	290,129
SANTA CROCE SULL'ARNO	2,069,883	2,069,883	-	-	-	-	-	-	-	-	109,129	-	-	-	-	-	-	2,179,012	692,407	1,486,605
SANTA MARIA A MONTE	640,334	640,334	-	-	-	-	-	-	-	-	15,529	-	-	-	-	-	-	655,863	182,655	473,208
SANT'ANGELO	992,563	992,563	1,411	13,012	-	-	-	-	66,702	8,769	-	-	-	-	-	-	-	1,082,457	544,756	537,701
SANTARCANGELO DI ROMAGNA	3,055,822	3,055,822	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,055,822	420,285	2,635,537
SANTO STEFANO DI MAGRA	351,822	351,822	-	-	-	-	150,836	-	6,091	-	-	-	-	-	-	-	122,985	631,734	505,398	126,336
SANTO STEFANO DI MAGRA	7,797	7,797	-	-	-	-	900	-	-	-	-	-	-	-	-	-	103	8,800	4,370	4,430
SARZANA	121,731	121,731	-	-	-	-	1,528	-	-	-	-	-	-	-	-	-	61,657	184,917	148,270	36,647
SARZANA	468,160	468,160	-	-	-	-	15,897	-	25,821	-	-	-	-	-	-	-	118,545	628,424	503,924	124,500
SARZANA	506,458	506,458	-	-	-	-	75,313	-	20,107	-	-	-	-	-	-	-	76,012	677,890	568,542	109,348
SARZANA	2,572,824	2,572,824	-	-	-	336,412	151,630	-	224,815	-	-	-	-	-	-	-	915,098	4,200,779	3,351,498	849,281
SEDEGLIANO	153,284	153,284	-	13,618	2,637	-	-	-	55,494	-	-	-	-	-	-	-	-	225,033	132,256	92,776
SEGRATE	-7,924	-7,924	-	-	-	-	-	-	6,136	-	-	-	-	-	-	-	36,560	34,772	22,114	12,657
SESTA GODANO	562,842	562,842	-	-	-	-	13,364	-	41,276	-	-	-	-	-	-	-	146,080	763,562	660,638	102,924
SESTO CREMONESE	245,616	245,616	508	3,370	-	-	-	-	12,890	76,972	-	-	-	-	-	-	-	339,357	155,050	184,307
SIRACUSA	478,875	478,875	-	-	-	-	-	-	36,000	-	-	-	-	-	-	-	619,045	1,133,920	683,352	450,567
SIRACUSA POLIBIO	393,337	393,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,697	498,034	313,947	184,087
SIRONE	248,408	248,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,103	311,511	217,383	94,128
SISSA	555,176	555,176	-	3,353	7,578	-	159,671	-	27,414	-	-	-	-	-	-	-	-	753,193	451,502	301,691
SOLIGNANO	88,668	88,668	-	4,209	5,424	51,082	97,942	-	9,218	-	-	-	-	-	-	-	-	256,543	148,802	107,742
SONDALO	83,626	83,626	-	-	25,823	195,115	-	-	81,092	-	-	-	-	-	-	-	354,231	739,887	302,154	437,733
SONDRIO	-529,665	-529,665	-	-	-	229,896	-	-	176,183	-	-	-	-	-	-	-	1,094,990	971,404	540,278	431,126
SONDRIO	1,905,513	4,745,519	-	-	-	-	-	-	924,923	-	-	-	-	-	-	-	4,737,887	7,568,323	3,433,020	4,135,303
SONDRIO	3,611,980	4,696,605	-	-	-	-	-	-	-	-	-	-	-	-	-	-	239,151	3,851,131	2,307,902	1,543,229
SONDRIO	21,872	21,872	-	-	-	72,010	-	-	55,186	-	-	-	-	-	-	-	342,983	492,051	253,331	238,720
SONDRIO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SONDRIO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SONDRIO	1,055,013	1,055,013	-	-	-	-	-	-	24,568	-	-	-	-	-	-	-	330,921	1,410,502	437,097	973,404
SONDRIO	1,768,682	8,358,524	-	-	103,291	1,533,114	-	-	492,841	-	-	-	-	-	-	-	5,024,323	8,922,251	5,632,294	3,289,957
SONDRIO	101,412	101,412	-	-	-	-	-	-	2,998	-	-	-	-	-	-	-	80,774	185,184	65,182	120,002
SONDRIO	-2,964,930	-2,835,476	-	-	75,403	2,084,617	-	-	110,687	-	-	-	-	-	-	-	1,561,741	867,518	276,588	590,931
SONDRIO	2,814,754	4,353,587	-	-	-	-	-	-	1,026,154	-	-	-	-	-	-	-	9,809,978	13,650,886	4,335,712	9,315,174
SONDRIO	-539,409	842,718	-	-	103,291	2,252,894	-	-	1,023,723	-	-	-	83,098	-	-	-	6,998,160	9,921,757	3,543,900	6,377,857
SONDRIO	2,529,256	2,529,256	-	-	-	-	-	-	261,829	-	-	-	-	-	-	-	588,181	3,379,266	2,709,221	670,045
SONDRIO	1,339,950	1,339,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	351,956	1,691,905	758,152	933,753
SONDRIO	939,054	2,087,262	-	-	-	-	-	-	651,811	-	-	-	-	-	-	-	3,917,503	5,508,368	2,796,154	2,712,215
SORA	113,355	113,355	-	-	78,360	98,004	-	-	257,583	-	-	-	-	-	-	-	328,463	875,765	619,157	256,608
SORAGNA	278,027	278,027	-	18,533	17,254	67,759	177,224	-	39,340	-	-	-	-	-	-	-	-	598,137	360,768	237,369
SORBOLO	1,386,554	1,386,554	-	-	-	-	651,020	-	62,444	-	-	-	-	-	-	-	-	2,100,017	1,554,509	545,509
SORESINA	510,845	510,845	830	35,251	-	-	-	-	97,091	382,504	-	-	-	-	-	-	-	1,026,522	611,555	414,968
SPORTELLO AREA SANP.I.P.	935,911	999,249	-	-	-	-	14,843	-	9,560	-	-	-	-	-	-	-	-	960,314	556,600	403,714
SUZZARA	1,067,989	1,067,989	-	-	-	-	539,476	-	18,414	-	-	-	-	-	-	-	-	1,625,879	1,204,125	421,754
TABIANO TERME	68,799	68,799	-	757	19,119	85,501	132,004	-	16,618	-	-	-	-	-	-	-	-	322,800	234,654	88,146
TALAMONA	330,686	330,686	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,767	387,453	246,368	141,085
TALIGNANO	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0
TARCENTO	658,092	705,388	-	-	24,478	349,685	-	-	741,279	-	-	-	-	587,948	-	-	-	2,361,481	2,096,608	264,873
TARVISIO	697,309	697,309	-	14,966	2,582	-	-	-	34,165	-	-	-	-	-	-	-	-	749,023	317,238	431,785
TERME VIGLIATORE	188,570	188,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,753	289,323	185,074	104,249
TERMINI IMERESE	78,186	78,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	382,888	461,074	263,744	197,330
TIRANO	-688,833	-335,930	-	-	-	533,064	-	-	378,981	-	-	-	-	-	-	-	2,227,737	2,450,949	1,123,306	1,327,643
TIRANO	-44,660	-18,063	-	-	-	32,778	-	-	23,304	-	-	-	-	-	-	-	136,984	148,406	47,121	101,285
TIRANO	-5,541	-3,514	-	-	-	3,194	-	-	2,271	-	-	-	-	-	-	-	13,347	13,270	6,986	6,283

Description	Book value net of revaluations	Book value net of revaluations/ impairment	L. 11.2.62 n. 74	L.19.2.73 n. 823	L.2.12.75 n. 576	L. 19.3.83 n. 72	L.30.7.90 n. 218	L. 29.12.90 n. 408	L.30.12.91 n. 413	Fusione '94	Italian Law 185/08	Deemid cost	Italian Law 147/2013	Altre Riv INC.	L19.10.3 n. 1729	Riv. Italian Law 342/200	Riv. Italian Law 266/05	Total cost	Accumulated depreciation as at 31 Dec. 2023	Net book value as at 31 Dec. 2023
TRAPANI	1,003,503	1,542,326	-	-	-	-	-	-	324,590	-	-	-	-	-	-	-	606,102	1,934,195	1,224,137	710,057
TRAVERSETOLO	1,298,683	1,298,683	-	23,043	8,221	72,176	259,432	-	84,935	-	-	-	-	-	-	-	-	1,746,489	1,032,655	713,834
TRAVO	294,061	294,061	-	-	-	-	1,640	-	38,548	-	-	-	-	-	-	-	-	334,249	200,700	133,549
TREPPO GRANDE	82,913	82,913	-	-	20,644	41,285	-	-	90,595	-	-	-	-	26,354	-	-	-	261,792	164,151	97,642
TRESIVIO	460,403	460,403	-	-	-	-	-	-	252,028	-	-	-	-	-	-	-	870,106	1,582,537	773,523	809,014
TREVISO	3,485,224	3,485,224	-	-	-	-	-	-	1,345,907	-	-	-	-	-	-	-	-	4,831,131	3,551,916	1,279,214
TRICESIMO	801,279	801,279	-	79,725	13,695	241,142	-	-	-	-	-	-	-	-	-	-	-	1,135,841	746,650	389,191
TRIESTE	3,539,920	3,823,152	-	124,859	36,152	909,997	-	-	887,662	-	-	-	-	671,394	-	-	-	6,169,984	1,196,554	4,973,430
TRIESTE	1,109,101	1,109,101	-	8,005	9,813	-	-	-	247,656	-	-	-	-	-	-	-	-	1,374,575	919,113	455,462
TRIGOLO	91,789	91,789	129	8,539	-	-	-	-	14,433	61,857	-	-	-	-	-	-	-	176,747	105,207	71,540
TROMELLO	466,710	466,710	-	-	-	-	78,092	-	17,078	-	-	-	-	-	-	-	-	561,879	302,324	259,556
UDINE	5,913,264	6,589,178	-	426,387	72,397	2,353,017	-	-	2,304,320	-	-	-	-	-	-	-	-	11,069,385	6,524,358	4,545,026
UDINE	1,209,760	1,209,760	-	-	-	-	-	-	134,755	-	-	-	-	-	-	-	-	1,344,515	971,001	373,513
VALENZA	468,808	468,808	-	-	55,996	250,688	-	-	90,441	853,142	-	-	-	-	-	-	-	1,719,074	838,311	880,764
VALVASONE	385,021	394,762	-	-	-	-	-	-	382,815	-	-	-	-	-	-	-	-	767,836	538,425	229,411
VARESE	-1,188,046	-1,188,046	-	-	-	206,583	-	-	1,375,715	-	-	-	-	-	-	-	2,845,172	3,239,424	1,570,480	1,668,944
VERUCCHIO	1,007,399	1,007,399	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,007,399	228,302	779,097
VERUCCHIO	1,999,239	1,999,239	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,999,239	379,677	1,619,562
VERUCCHIO	4,380,527	4,380,527	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,380,527	1,582,736	2,797,791
VESCOVATO	76,855	76,855	48	12,183	-	-	-	-	17,887	100,177	-	-	-	-	-	-	-	207,149	120,935	86,214
VEZZANO LIGURE	1,111,100	1,111,100	-	-	-	-	13,110	-	36,687	-	-	-	-	-	-	-	329,019	1,489,916	1,251,071	238,845
VICOBARONE DI ZIANO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIGEVANO	385,372	385,372	-	-	7,230	-	163,008	-	17,382	-	-	-	-	-	-	-	-	572,992	302,202	270,790
VIGEVANO	354,174	354,174	-	-	15,494	-	270,714	-	11,718	-	-	-	-	-	-	-	-	652,100	358,418	293,682
VIGEVANO	1,899,624	1,899,624	-	-	129,114	1,077,258	1,004,817	-	417,537	-	-	-	-	-	-	-	-	4,528,350	1,299,300	3,229,050
VIGNATE	122,817	122,817	-	-	10,967	36,152	-	-	62,115	-	-	-	-	-	-	-	301,165	533,216	278,073	255,143
VILLA DI TIRANO	85,519	85,519	-	-	-	-	-	-	2,116	-	-	-	-	-	-	-	102,231	189,866	109,584	80,283
VILLA SANTINA	193,120	193,120	-	-	-	-	-	-	32,681	-	-	-	-	-	-	-	-	225,800	172,532	53,269
VILLAFRANCA IN LUNIGIANA	915,477	915,477	-	-	-	-	218,682	-	58,845	-	-	-	-	-	-	-	301,879	1,494,883	1,226,618	268,265
VILLAFRANCA IN LUNIGIANA	98,393	98,393	-	-	-	-	-	-	-	-	-	-	-	-	-	7,329	1,164	106,886	55,145	51,741
VILLANOVA SULL'ARDA	462,422	462,422	-	-	-	-	57,044	-	71,327	-	-	-	-	-	-	-	-	590,792	285,866	304,927
VIMODRONE	-30,855	-30,855	-	-	18,194	68,170	-	-	117,578	-	-	-	-	-	-	-	696,768	869,855	478,472	391,383
VINCI	470,184	470,184	-	-	-	-	-	-	-	-	6,758	-	-	-	-	-	-	476,942	164,288	312,654
VINCI	1,147,655	1,147,655	-	-	-	-	-	-	-	-	33,544	-	-	-	-	-	-	1,181,199	406,154	775,045
VINOVO	511,557	511,557	-	-	-	-	-	-	20,734	148,416	-	-	-	-	-	-	-	680,707	451,202	229,506
VITERBO	344,244	344,244	-	-	-	-	-	-	-	-	-	-	-	-	-	80,474	111,110	535,828	448,522	87,306
VITERBO	142,110	142,110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	327,480	469,590	251,886	217,704
XITTA	3,910	3,910	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,989	8,899	4,598	4,301
ZIANO	48,378	48,378	-	-	-	15,494	14,084	-	8,451	-	-	-	-	-	-	-	-	86,408	62,961	23,447
ZIANO PIACENTINO	105,706	105,706	-	-	-	20,658	45,381	-	8,838	-	-	-	-	-	-	-	-	180,583	101,043	79,540
ZIBELLO	205,556	205,556	-	136	-	98,960	278,852	-	6,056	-	-	-	-	-	-	-	-	589,560	402,081	187,479
ZOPPOLA	400,767	400,767	-	-	-	26,296	-	-	43,108	-	-	-	-	-	-	-	-	470,171	351,987	118,183
Grand total of assets with revaluation	557,325,073	621,290,848	23,196	4,130,325	3,656,245	46,901,472	71,965,189	6,445,996	81,572,447	8,232,790	3,975,604	2,349,773	83,098	1,703,192	14	1,496,372	148,776,112	938,636,898	456,262,908	482,373,990

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2023
QUOTE RAJNA IMMOBILIARE	315,014	-	- 27,369	-	287,645	287,645
STELLINE REAL ESTATE	12,153,726	-	- 2,144,468	-	10,009,258	10,009,258
FIERE DI PARMA	20,483,198	- 416,050	-	-	20,067,148	20,483,198
GLOBAL BROKER	752,871	-	- 198,203	-	554,668	554,668
CRÉDIT AGRICOLE GROUP SOLUTIONS S.c.p.a.	39,132,000	-	-	-	39,132,000	39,132,000
NUOVA MADONNINA ORD	1	-	-	-	1	1

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2023
CRÉDIT AGRICOLE LEASING ITALIA S.r.l.	160,300,000	-	-47,133,000	-	113,167,000	113,167,000
CARIPARMA OBG S.r.l.	6,000	-	-	-	6,000	6,000
SOCIETA' AGRICOLA LE CICOGNE	2,221,209	-	-	-	2,221,209	2,221,209
LE VILLAGE BY CA MILANO	350,157	-	-350,156	-	1	1
SAN GIORGIO IMMOBILIARE	2,491,238	-	-2,491,237	-	1	1
SAN PIERO IMMOBILIARE	719,647	-	-719,646	-	1	1
LE VILLAGE BY CA PARMA	800,000	-	-	-	800,000	800,000
LE VILLAGE BY CA TRIVENETO	816,000	-	-	-	816,000	816,000
VALTELLINA GOLF CLUB	1	-	-	-	1	1
BDX SPA	2,500,000	-	-	-	2,500,000	2,500,000
LE VILLAGE BY CA DELLE ALPI	490,000	-	-	-	490,000	490,000
BLANK S.P.A. CAT B	2,626,400	-	-	-	2,626,400	2,626,400
CRÉDIT AGRICOLE REAL ESTATE	300,000	-	-	-	300,000	300,000
QUOTE G.A.L. ELORO	1,034	-	-	-1,033	1,034	1
CONSORZIO VIVI LE VALLI	4,581	-	-	-4,580	4,581	1
GAL VALTELLINA SRL	3,600	-	-	-1,755	3,600	1,845
SITA SPA	1	-	-	-	1	1
AVIOVALTELLINA SPA	214,661	-	-	-	214,661	214,661
FIDI TOSCANA	2,549,813	-	-	-1,729,958	2,549,813	819,855
CEPIM	756,711	-44,831	-	806,588	711,880	1,563,299
SOGEAP	78,125	-38,911	-	-78,124	39,214	1
SKIAREA VALCHIAVENNA	226,318	-	-	-	226,318	226,318
GRASSETTO S.p.A. IN LIQUIDAZIONE	1	-	-	-	1	1
CASSA RISPARMIO VOLTERRA	7,116,003	-	-	-3,920,200	7,116,003	3,195,803
PENTAGONO S.p.A.	21,137	-	-	-	21,137	21,137
SOCIETA' INTERPORT. FROSINONE	2	-	-	-1	2	1
CENTRO AGRO-ALIMENTARE RIMINESE	405,002	-	-	21,377	405,002	426,379
SPOLETO CREDITI E SERVIZI	1	-	-	-	1	1
MTS S.p.A.	86,915	-	-	-11,377	86,915	75,537
BORMIO TERME S.p.A.	189,278	-	-	-22,053	189,278	167,226
RIMINI TERME S.p.A.	18,077	-	-	-18,076	18,077	1
CONFIDICOOP MARCHE	54,222	-	-	-	54,222	54,222
TERRE DELL'ETRURIA	349,902	-	-	-347,452	349,902	2,450
S.I.C.I. SGR AOR 06	481,281	-	-	-	481,281	481,281
EDISON ORD	3,457	-	-	7,332	3,457	10,789
ITALIAN EXHIBITION GROUP	357,399	-	-	-154,741	357,399	202,657
RETE FIDI LIGURIA	51,646	-	-	-26	51,646	51,620
COOPERARE	1,298,132	-	-	97,738	1,298,132	1,395,870
CENTROFIDI TERZIARIO	1,194,064	-	-	-185,451	1,194,064	1,008,613
PIACENZA EXPO	703,083	94,063	-	190,191	797,146	893,275

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2023
SVILUPPO COMO-COMO NEXT S.p.A.	1,160,185	-	-	-	1,160,185	1,160,185
LINEAPIU'SPA PRIV	12,932	-	-	-12,931	12,932	1
FAVENTIA SALES AOR	888,019	-	-	-5,024	888,019	882,995
SPEDIA	275,445	-	-	-25,720	275,445	249,725
CONSORZIO AGRARIO ADRIATICO	197,031	-	-	-194,662	197,031	2,369
ISI	67,015	-	-	-67,014	67,015	1
LUGO IMMOBILIARE S.p.A. AZ ORD	1	-	-	-	1	1
BORMIO GOLF SPA	52,001	-	-	-52,000	52,001	1
SMIA S.p.A.	21,404	-	-	-	21,404	21,404
FIDIPERSONA SOC.COOP	62,857	-	-	-	62,857	62,857
BANCA D'ITALIA	211,271,250	-	-	-	211,271,250	211,271,250
ALBA LEASING S.p.A.	27,418,403	-	-	-6,854,458	27,418,403	20,563,945
SIR AOR	30,000	-	-	-3,586	30,000	26,414
BANCOMAT-AZ ORD	1,771	-	-	64,500	1,771	66,271
CARBONCINI & C. SPA	1	-	-	2	1	3
CALFIN SPA SFP	1	-	-	5	1	6
CBI AZ ORD	-	-	-	274,211	-	274,211
ARAL SPA SFP	1	-	-	-	1	1
ASTALDI-SFP	6,546,300	-	-	-4,475,109	6,546,300	2,071,190
SWIFT	88,645	678	-	276,075	89,323	364,720
CARRIER 1 INTERNATIONAL	1	-	-	-	1	1
CRÉDIT AGRICOLE INDOSUEZ FIDUCIARIA	400,000	-	-	-298,739	400,000	101,261
TERREMERSE SCRL	1,549	-	-	-1,280	1,549	269
LUGO NEXT LAB SRL	1,001	-	-	-1,000	1,001	1
ESCO CRE SRL QUOTE	2,841	-	-	-2,840	2,841	1
FOND FURIO FARABEGOL	20,001	-	-	-20,000	20,001	1
KAUP THING EHF ORD	1	-	-	-	1	1
MIC FOND MUSEO INTER. CERAMICHE	1	-	-	-	1	1
GRUPPO AZ. LOC. VALLI MARECCHI	5,000	-	-	-	5,000	5,000
QUOTE NEW PALARICCIO	47,740	-	-	54,570	47,740	102,310
CONS KILOMETRO VERDE	5,000	-	-	-	5,000	5,000
CONS ROMAGNA INIZIATIVE	5,164	-	-	-	5,164	5,164
50N S.R.L.	200,000	-	-	-	200,000	200,000
RECALCATI MULTIMEDIA	1	-	-	-	1	1
MIR CINEMATOGRAFICA	1	-	-	-	1	1
INDIANA PRODUCTION S.p.A.	-	-	-	1	0	1
REALHOUSE SRL	518,038	-	-	-	518,038	518,038
SAIRGROUP CHF	1	-	-	-	1	1
TELDAFAX AG EURO	1	-	-	-	1	1
GLITNIR CONCORDATO	16,743	-	-	-16,742	16,743	1
VISA PRI	9,190	-	-	-	9,190	9,190
IMMOB.OASI NEL PARCO	536,047	-	-	-261,043	536,047	275,004

Equity investments, assets measured at fair value through equity and assets measured at fair value through profit or loss	Book value net of revaluations	L. 30.7.90 n. 218	Impairment	Measurement OCINR/ FVOBL	Total cost	Net book value as at 31 Dec. 2023
AFFITTO FIRENZE SRL	1	-	-	-	1	1
CARICESE SRL	297,979	-	-	691,423	297,979	989,402
SUTOR MANTELLASSI HO	1	-	-	-	1	1
VISA PRI	22,833	-	-	-	22,833	22,833
AUTOVIE VENETE	1	-	-	-	1	1
FRIULIA	4,670,988	-	-	-1	4,670,988	4,670,987
CONSORZIO AGRARIO PROVINCIALE PIACENZA	1	427	-	-	428	1
CAL CENTRO AGRO-ALIMENTARE E LOGISTICA	1	-9,296	-	-	-9,295	1
BANCA POPOLARE PUGLIA E BASILICATA ORD	13,931	-	-	-1,097	13,931	12,835
SOPRIP	1	1,033	-	-	1,034	1
CONSORZIO AGRARIO PROVINCIALE PAVIA	1	-	-	-	1	1
VOLUNTARY SCHEME	1	-	-	-	1	1
CONSORZIO AGRARIO PARMA	1	487,535	-	-	487,536	1
FINAPP SRL	500,000	-	-	-	500,000	500,000
VISMARA SPA SFP 2021	1	-	-	-	1	1
FLOWPAY S.R.L.	240,000	-	-	-	240,000	240,000
ENER2CROWD SRL SB	166,475	-	-	-	166,475	166,475
BLUE ECONOMY ACCELERATOR Srl	225,728	-	-	-	225,728	225,728
SEDA BARCELONA ORD	1	-	-	-	1	1
GLITNIR CONCORDATO	1	-	-	-	1	1
MOONLIGHT CINEMA E TELEVISIONE Srl	1	-	-	-	1	1
TOTAL	**518,621,438**	**74,648**	**-53,064,080**	**-16,284,062**	**465,632,006**	**449,273,297**

2023

CONSOLIDATED NON-FINANCIAL STATEMENT

CRÉDIT AGRICOLE

Crédit Agricole Italia Banking Group

CONSOLIDATED NON-FINANCIAL STATEMENT 2023

TABLE OF CONTENTS

METHODOLOGICAL NOTE AND READING GUIDE

The Crédit Agricole Italia Banking Group (Group) has chosen to prepare its **Consolidated Non-Financial Statement (NFS)** in accordance with Italian Legislative Decree no. 254 of 30 December 2016 (hereinafter "D. Lgs. 254/2016" or "Decree") voluntarily and as done in the previous reporting years.

For the Group the preparation of this document is voluntary as it is exempt from the obligation of presenting it under Article 6 of the Decree, because its non-financial information, as defined in the Decree, is already collected and consolidated by its French Parent Company Crédit Agricole S.A. in its Non-Financial Statement.

The NFS is a stand-alone document separated from the Management Report, but it is an integral part of the documents comprised in the Group's 2023 Financial Reporting.

REPORTING SCOPE AND PERIMETER

The data and information reported in the NFS cover the **aspects regarding the environment, social matters, personnel, respect for human rights and fight against active and passive corruption** set out by Italian Legislative Decree 254/2016 that have been assessed as material based on the Group's core business operations for the reporting period from 1 January to 31 December 2023.

The scope of consolidation of the information is the same one as in the Consolidated Financial Statements, given in the Note to the Consolidated Financial Statements. In this regard, as the mergers by absorption of Credito Valtellinese first and them of Crédit Agricole FriulAdria S.p.A. were completed in the previous FY, there are no material changes in the consolidation perimeter vs. the 2022 NFS to be reported and the perimeter consists of CAI (Crédit Agricole Italia), CAGS (Crédit Agricole Group Solutions) and CALIT (Crédit Agricole Leasing).

Any omissions or changes to the reporting perimeter shall, in any case, be expressly set out if they should occur.

APPLIED GUIDELINES

As done in the previous years, **the data and information are reported in accordance with the GRI Standards international framework of the Global Reporting Initiative,** which has been applied with the "with reference to the GRI Standards" approach envisaged therein.

With the updating of the materiality assessment, the inspiring principle of the NFS reporting in accordance with Decree 254/216, in compliance with the GRI framework, the present and positive and negative impacts, both actual and potential, assessed as material have been identified in order to reach a conceptual and semantic definition of the impacts, with a connection approach, as material topics for the Group. The topics that were found material have then been connected to the contents of the Decree and each one has been reported along with the risks, policies and commitments undertaken by the Group and with the management performance achieved in the reporting year, even more clearly represented by stating the related data and indicators on a three-year basis.

The process for the updating of the materiality assessment is more exhaustively described on page 39 of the document.

The list of the indicators used for reporting purposes is given in the “GRI Content Index” appendix to this document.

The table below shows the reconciliation of the aspects referred to in D,Lgs 254/2016, the minimum contents required by the Decree, and their specific application to the Banking Group consistently with the identified material impacts..

Aspects referred to in D,Lgs 254/2016	Minimum content requirements under D.Lgs 254/2016	Specific application to the Banking Group consistently with the material impacts
Social aspects	Not made explicit in D,Lgs 254/2016	• Financial inclusion • Financial education • Savings protection • Development of new enterprise and innovation models • Selective accessibility to the services • Customer security (cybersecurity) • Local development • Regional exclusion • Engagement and involvement of local stakeholders
Fight against active and passive corruption	Fight against active and passive corruption, setting forth the tools used for this purpose	(*)
Respect for Human Rights	Measures implemented to prevent any violation of human rights, as well as the actions undertaken to prevent any discriminatory attitudes and conducts	(*)
Human Resources management	Social aspects regarding human resources management, measures aimed at implementing international conventions and remuneration policies	• Employment • Wellbeing and inclusion of employees • Growth and development of specific skills
Environmental aspects	The use of energy resources distinguishing between those from renewable and non-renewable sources, and the use of water resources; emissions of greenhouse gases and polluting emissions in the atmosphere; the impact on the environment and on health and safety, where possible based on realistic assumptions or scenarios, also medium-term ones, or other environmental and health risk material factors	• Inclusion/Exclusion from credit for sustainable development • Enhancing the efficiency of real estate properties in Italy • Decarbonization of the economy

(*) in these scopes no material impacts have been identified. The reporting is compliant with the minimum contents laid down by the Decree.

REPORTING PROCESS

The document has been prepared based on data and information collected from the relevant corporate structures, which extracted the data from the Company's information systems, from invoices and from internal and external reports. The data collection work was coordinated and arranged in its final structure by the ESG Disclosure Service.

The document also contains references to the Management Report, to the Report on Corporate Governance and Ownership Structure and to the Company's website (www.credit-agricole.it).

This document was subject to limited review by PricewaterhouseCoopers SpA. The results of the review made pursuant to Article 3 paragraph 10 of D.Lgs 254/2016 and to CONSOB Regulation no. 20267 are set forth in the report of the Audit Firm, which is given at the end of this document. As represented in the "Independent Auditors' Report", contained herein, the review has been performed in accordance with the procedures for "limited assurance engagement" in compliance with **ISAE 3000 Revised.**

The Board of Directors of the Parent Company approved the Consolidated Non-Financial Statement on 19 March 2024. The NFS is published every year and can be read in its latest available version in the "Corporate Social Responsibility" section of the Group's website (https://gruppo.credit-agricole.it/dnf).

EU TAXONOMY - DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION (EU) NO. 2020/852

The Crédit Agricole Italia Banking Group is not subject to the obligation to include, in its Consolidated Non-Financial Statement, information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable. That obligation lies with any undertaking which is subject to an obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU, in accordance with Article 8 - Transparency of undertakings in non-financial statements - of Regulation (EU) 2020/852 (EU Taxonomy Regulation). **The Group is also not subject to the obligation to present its NFS, but it chose to voluntarily present it.**

The information required under Article 10 of Delegated Regulation (EU) 2021/2178** regarding the Crédit Agricole Italia Group are consolidated in the performance indicators reported in the Consolidated Non-Financial Statement presented by the Parent Company Crédit Agricole S.A.

1 COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

02
THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

THE CRÉDIT AGRICOLE GROUP WORLDWIDE

THE CRÉDIT AGRICOLE GROUP IN ITALY

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

BRANCH NETWORK PERCENTAGE COVERAGE BY REGION

THE CRÉDIT AGRICOLE GROUP WORLDWIDE

1°

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

2023 KEY FIGURES

53
million Customers

46
Countries

145,000
employees

8.3 bln€
underlying net income

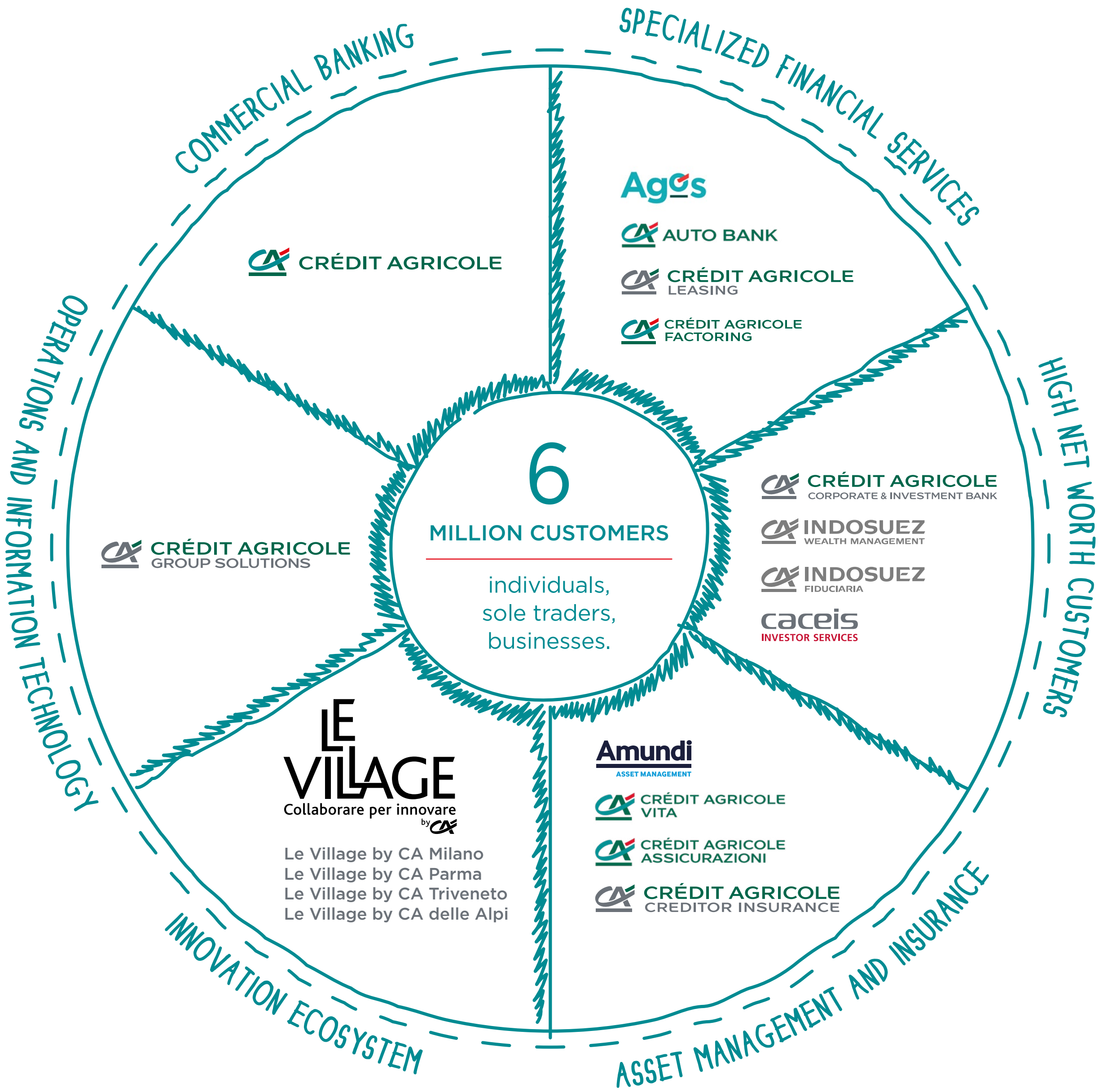
144.3%
Liquidity Coverage Ratio

17.5%
CET 1 ratio

RATINGS

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

THE CRÉDIT AGRICOLE GROUP IN ITALY



THE CRÉDIT AGRICOLE GROUP IN ITALY

1°[1)]
CRI
in Italy

2°[2)]
Player in the Italian
consumer finance

3°[3)]
Asset Manager
in Italy

2023 KEY FIGURES

6
million active Customers

100 bln€
in loans

16,200
employees

1,310 mln€
net income

331 bln€
total funding

4,803 mln€
revenues

1) Strategic Customer Recommendation Index of Crédit Agricole Italia among universal banks. Survey conduced between September and October 2023 on specific profiles of Customers of the Bank compared to Customers of competitor banks in the regions where Crédit Agricole Italia Branches are based.
2) Source: Assofin
3) Source: Assogestioni

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

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

CRÉDIT AGRICOLE

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

CRÉDIT AGRICOLE
LEASING

The Crédit Agricole Italia Banking Group's leasing entity. Crédit Agricole Leasing Italia **operates in the equipment, vehicle, real estate, seacraft and aircraft and renewable energy** financial leasing segments. **At the end of 2023, the loan portfolio amounted to Euro 3,051 million.**

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

THE CRÉDIT AGRICOLE ITALIA BANKING GROUP

Over 2.7
million Customers

Over 12,500
personnel members

708 mln€
net income - Group share

3.1 bln€
net operating revenues

Over 1,200
points of sale

65.5 bln€*
total loans

245%
Liquidity Coverage Ratio

13.5%
Cet 1 ratio

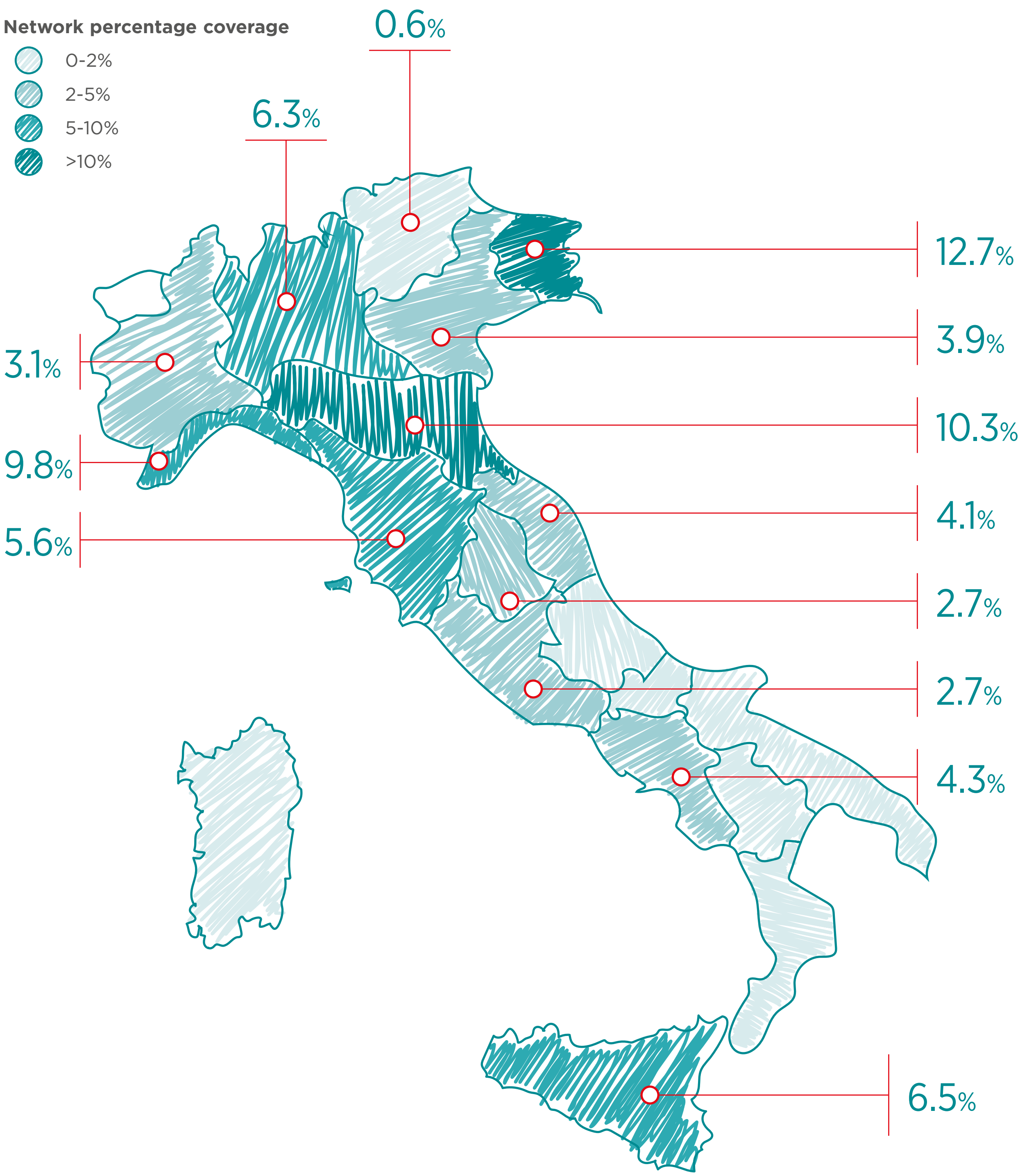
RATINGS

Baa1
Moody's

The highest one in the Italian banking system

* Excluding securities at amortized cost.

BRANCH NETWORK PERCENTAGE



Italy is the only country besides France where Crédit Agricole operates with all its business lines: from commercial banking, to consumer credit, to corporate and investment banking, to asset management, to the insurance business, up to wealth management services for HNW individuals completing the range.

The range of products and services is intended for individuals, households, businesses and institutional customers through the Retail and Private banking channels, the network of Financial Advisors and the Corporate Banking channel. Special attention was given to the agri-food sector, with a range of bespoke products and services.

A strong point of the Crédit Agricole Italia Banking Group consists in Its strong bond with the regions it operates in, its closeness to and relationship with Customers. The Group operates in a large part of Italy with over 1,000 branches and 12,500 personnel members, and is now the number 3 player in the Italian consumer finance market, number 3 asset manager and number 5 in Bancassurance.

2023 PROFIT OR LOSS AND FINANCIAL RESULTS

Individuals (G4 – FS6)		2023	2022	2021
By segment				
Households	No.	1,855,224	1,816,776	1,746,378
	Loans (mln €)	26,435	25,509	24,655
	Funding (mln €)	14,601	14,614	13,865
	Indirect funding (mln €)	3,453	3,112	3,807
Affluent	No.	540,536	532,296	543,818
	Loans (mln €)	3,361	3,301	2,540
	Funding (mln €)	19,003	18,924	20,189
	Indirect funding (mln €)	37,669	33,314	37,725
Private Banking	No.	35,732	34,791	38,815
	Loans (mln €)	586	540	1,151
	Funding (mln €)	6,953	5,547	4,628
	Indirect funding (mln €)	23,971	23,167	20,414
Total	**No.**	**2,431,492**	**2,383,863**	**2,329,011**
	Loans (mln €)	**30,382**	**29,350**	**28,346**
	Funding (mln €)	**40,557**	**39,085**	**38,682**
	Indirect funding (mln €)	**65,093**	**59,593**	**61,946**

Individuals by geographical area (G4 – FS6)		2023	2022	2021
Emilia-Romagna	No of Customers	534,844	532,946	536,058
	Loans (mln €)	4,764	4,586	4,303
	Funding (mln €)	8,515	8,522	8,803
	Indirect funding (mln €)	16,084	14,494	16,022
Lombardy	No of Customers	594,914	584,946	557,743
	Loans (mln €)	9,066	8,672	8,342
	Funding (mln €)	13,104	11,999	11,333
	Indirect funding (mln €)	22,088	22,075	20,288
Veneto	No of Customers	176,053	169,292	161,168
	Loans (mln €)	2,844	2,726	2,583
	Funding (mln €)	2,527	2,298	2,215
	Indirect funding (mln €)	3,901	2,977	3,266
Campania	No of Customers	150,644	132,056	131,756
	Loans (mln €)	1,517	1,508	1,494
	Funding (mln €)	2,422	2,367	2,286
	Indirect funding (mln €)	2,632	2,356	2,449
Friuli-Venezia Giulia	No of Customers	158,999	158,471	159,578
	Loans (mln €)	1,367	1,369	1,368
	Funding (mln €)	2,444	2,485	2,630
	Indirect funding (mln €)	4,179	3,843	4,714
Lazio	No of Customers	123,204	116,204	113,478
	Loans (mln €)	2,182	2,072	2,116
	Funding (mln €)	2,334	2,155	2,139
	Indirect funding (mln €)	2,986	1,891	2,063
Liguria	No of Customers	141,221	138,337	141,978
	Loans (mln €)	1,462	1,433	1,407
	Funding (mln €)	1,965	1,948	1,872
	Indirect funding (mln €)	3,533	3,285	3,438
Piedmont	No of Customers	159,773	144,287	141,143
	Loans (mln €)	2,802	2,730	2,649
	Funding (mln €)	1,947	1,920	1,934
	Indirect funding (mln €)	3,460	3,162	3,857

continues

Individuals by geographical area (G4 – FS6)		2023	2022	2021
Tuscany	No of Customers	189,941	183,270	185,192
	Loans (mln €)	2,638	2,530	2,381
	Funding (mln €)	2,597	2,512	2,539
	Indirect funding (mln €)	3,586	3,176	3,543
Umbria	No of Customers	14,167	13,522	13,485
	Loans (mln €)	186	176	173
	Funding (mln €)	157	179	190
	Indirect funding (mln €)	178	168	194
Valle d'Aosta	No of Customers	0	374	278
	Loans (mln €)	0	5	2
	Funding (mln €)	0	6	5
	Indirect funding (mln €)	0	6	6
Marche	No of Customers	51,892	53,856	49,550
	Loans (mln €)	533	512	488
	Funding (mln €)	889	898	926
	Indirect funding (mln €)	1,183	926	833
Trentino Alto Adige	No of Customers	4,919	6,193	5,052
	Loans (mln €)	73	72	69
	Funding (mln €)	69	78	81
	Indirect funding (mln €)	70	81	92
Sicily	No of Customers	130,921	150,109	132,552
	Loans (mln €)	948	959	972
	Funding (mln €)	1,586	1,718	1,728
	Indirect funding (mln €)	1,212	1,154	1,183
Total	**No of Customers**	**2,431,492**	**2,383,863**	**2,329,011**
	Loans (mln €)	**30,382**	**29,350**	**28,346**
	Funding (mln €)	**40,556**	**39,085**	**38,682**
	Indirect funding (mln €)	**65,092**	**59,593**	**61,946**

Individuals (Households, Affluent, Private banking) (G4-FS6)		2023	2022	2021
By age group				
0-20 years	No.	100,964	95,283	93,479
21-30 years	No.	212,653	197,859	187,387
31-40 years	No.	310,143	298,555	290,803
41-55 years	No.	618,255	618,033	621,902
56-65 years	No.	434,240	422,524	414,062
> 65 years	No.	659,774	649,914	646,066
Customers in the Individuals segment who are not natural persons	No.	60,788	59,162	54,024
Total	**No.**	**2,396,817**	**2,341,330**	**2,307,723**
By relationship duration				
< 1 year	No.	133,876	110,734	117,290
1-3 years	No.	330,776	332,042	301,478
4-5 years	No.	205,719	194,686	180,552
6-10 years	No.	416,727	410,130	371,275
11-20 years	No.	522,158	504,375	456,695
> 20 years	No.	787,321	789,362	879,945
N.a.	No.	240	1	0
Total	**No.**	**2,396,817**	**2,341,330**	**2,307,723**

Corporate Customers (PMI + Corporate channel) (G4 - FS6)		2023	2022	2021
By segment				
Large Corporate	No.	2,126	4,135	2,302
	Loans (mln €)	7,077	5,880	5,477
	Funding (mln €)	4,172	4,187	4,025
	Indirect funding (mln €)	942	928	2,030
SMEs and Mid Corporate	No.	20,022	17,936	37,856
	Loans (mln €)	13,069	14,053	14,618
	Funding (mln €)	7,725	7,098	8,422
	Indirect funding (mln €)	947	1,127	1,590
Small Business	No.	309,706	321,913	308,051
	Loans (mln €)	9,816	9,045	9,037
	Funding (mln €)	12,145	11,091	11,256
	Indirect funding (mln €)	2,149	1,862	1,768
Total	**No.**	**331,854**	**343,984**	**348,209**
	Loans (mln €)	**29,962**	**28,977**	**29,132**
	Funding (mln €)	**24,042**	**22,376**	**23,704**
	Indirect funding (mln €)	**4,038**	**3,917**	**5,388**

Corporate Customers by geographical area (G4 – FS6)		2023	2022	2021
Emilia-Romagna	No of Customers	65,206	65,684	73,129
	Loans (mln €)	8,181	7,040	6,277
	Funding (mln €)	5,316	4,144	3,968
	Indirect funding (mln €)	1,399	888	775
Lombardy	No of Customers	81,372	85,552	83,159
	Loans (mln €)	8,298	11,649	10,518
	Funding (mln €)	7,420	9,584	9,436
	Indirect funding (mln €)	809	1,658	2,841
Veneto	No of Customers	20,256	20,540	21,150
	Loans (mln €)	2,292	2,294	2,252
	Funding (mln €)	1,484	1,312	1,522
	Indirect funding (mln €)	151	157	160
Campania	No of Customers	21,837	23,373	21,913
	Loans (mln €)	846	846	782
	Funding (mln €)	1,013	889	813
	Indirect funding (mln €)	95	89	71
Friuli-Venezia Giulia	No of Customers	16,007	15,534	17,773
	Loans (mln €)	2,512	1,119	2,121
	Funding (mln €)	1,659	1,052	1,770
	Indirect funding (mln €)	349	128	388
Lazio	No of Customers	19,035	18,502	18,828
	Loans (mln €)	2,549	782	1,029
	Funding (mln €)	2,298	1,110	1,441
	Indirect funding (mln €)	302	126	184
Liguria	No of Customers	12,587	12,184	13,100
	Loans (mln €)	824	839	775
	Funding (mln €)	795	685	663
	Indirect funding (mln €)	198	193	184
Piedmont	No of Customers	18,600	18,259	18,564
	Loans (mln €)	1,154	1,127	1,469
	Funding (mln €)	790	597	648
	Indirect funding (mln €)	163	161	160

continues

Corporate Customers by geographical area (G4 – FS6)		2023	2022	2021
Tuscany	No of Customers	27,458	27,999	30,836
	Loans (mln €)	1,574	1,489	1,388
	Funding (mln €)	1,259	1,094	1,136
	Indirect funding (mln €)	277	254	251
Umbria	No of Customers	3,030	3,097	3,321
	Loans (mln €)	99	101	128
	Funding (mln €)	125	121	123
	Indirect funding (mln €)	11	10	13
Valle d'Aosta	No of Customers	0	75	86
	Loans (mln €)	0	1	12
	Funding (mln €)	0	2	5
	Indirect funding (mln €)	0	0	0
Marche	No of Customers	8,947	9,154	9,376
	Loans (mln €)	551	521	672
	Funding (mln €)	446	431	510
	Indirect funding (mln €)	36	42	67
Trentino Alto Adige	No of Customers	1,176	1,091	1,357
	Loans (mln €)	29	14	202
	Funding (mln €)	51	98	165
	Indirect funding (mln €)	3	2	14
Sicily	No of Customers	36,343	42,938	34,865
	Loans (mln €)	1,054	1,153	1,504
	Funding (mln €)	1,385	1,256	1,504
	Indirect funding (mln €)	247	208	280
Total	**No of Customers**	**331,854**	**343,984**	**347,457**
	Loans (mln €)	**29,963**	**28,977**	**29,132**
	Funding (mln €)	**24,041**	**22,376**	**23,704**
	Indirect funding (mln €)	**4,040**	**3,917**	**5,388**

Loans to/Funding from Corporate Customers by sector (G4 - FS6)		2023	2022	2021
Agriculture, forestry and fishery	Loans (mln €)	2,925	2,924	2,961
	Funding (mln €)	1,207	1,117	1,020
	Indirect funding (mln €)	102	108	126
Trade	Loans (mln €)	4,083	4,092	4,142
	Funding (mln €)	3,247	3,076	3,438
	Indirect funding (mln €)	379	504	565
Construction and real estate	Loans (mln €)	3,609	3,613	3,612
	Funding (mln €)	2,327	2,005	2,313
	Indirect funding (mln €)	324	360	449
Manufacturing	Loans (mln €)	9,788	9,086	9,062
	Funding (mln €)	6,140	5,105	5,894
	Indirect funding (mln €)	823	972	1,370
Services	Loans (mln €)	7,629	7,523	7,670
	Funding (mln €)	7,138	7,423	7,295
	Indirect funding (mln €)	1,255	1,051	1,491
Other sectors	Loans (mln €)	1,927	1,739	1,685
	Funding (mln €)	3,982	3,650	3,744
	Indirect funding (mln €)	1,155	923	1,387
Total	**Loans (mln €)**	**29,961**	**28,977**	**29,132**
	Funding (mln €)	**24,041**	**22,376**	**23,704**
	Indirect funding (mln €)	**4,038**	**3,917**	**5,388**

G4-FS6 Percentage composition of the portfolio for business lines by specific region, * (G4 - FS6)		2023	2022	2021
Corporate Bnkg	Loans (mln €)	7,077	5,880	5,477
	Funding (mln €)	4,172	4,187	4,025
	Indirect funding (mln €)	942	928	2,030
SMEs:	Loans (mln €)	22,885	23,097	23,655
	Funding (mln €)	19,870	18,189	19,678
	Indirect funding (mln €)	3,096	2,990	3,358
Individuals	Loans (mln €)	30,382	29,350	28,346
	Funding (mln €)	40,557	39,085	38,682
	Indirect funding (mln €)	65,092	59,593	61,946
Big Dossiers**	Loans (mln €)	6,657	7,648	7,532
	Funding (mln €)	551	766	741
	Indirect funding (mln €)	23,758	23,663	26,121
Total	**Loans (mln €)**	**67,001**	**65,975**	**65,010**
	Funding (mln €)	**65,150**	**62,227**	**63,128**
	Indirect funding (mln €)	**92,888**	**87,174**	**93,455**

* The volume figures regarding direct and indirect funding are not consistent with the same figures in the Financial Statements for the year of the Crédit Agricole Italia Banking Group because of the different classification methods used by the Group for management and accounting purposes respectively.

** The Big Dossier channel represents the volumes of counterparties that cannot be included in ordinary customers; specifically it reports counterparties such as come Agos, Crédit Agricole Leasing Italia, Amundi, CA Vita, Leasys

Public Sector Bodies		2023	2022	2021
Municipalities	No.	418	421	416
Regions and Provinces	No.	4	4	4
NHS agencies	No.	1	1	3
Schools	No.	1,296	1,264	1,198
Universities	No.	7	5	5
Consortia	No.	69	70	60
Association of mountain communities	No.	6	6	10
A.S.P. / IPAB	No.	59	63	70
Various public bodies	No.	240	206	232
Total	**No.**	**2,100**	**2,040**	**1,998**

Consolidated statement of added value (thousands of Euros) 201-1		2023	2022	2021
10.	Interest and similar income	3,217,049	1,383,343	1,086,187
20.	Interest and similar expense	-1,471,487	-81,851	36,939
40.	Fee and commission income	1,269,836	1,271,420	1,203,433
50.	fee and commission expense (net of expenses for external networks)	-50,433	-49,647	-58,603
70.	Dividends and similar income	12,667	13,356	11,429
80.	Net profit (loss) on trading activities	14,681	27,838	30,096
90.	Net profit (loss) on hedging activities	-8,897	-10,306	-6,979
100.	Profit (Loss) on disposal or repurchase of:	97,513	44,750	-94,310
	a) financial assets measured at amortized cost	73,176	20,949	-123,294
	b) financial assets measured at fair value through other comprehensive income	26,007	14,744	28,946
	c) financial liabilities	-1,670	9,057	38
110.	Net profit (loss) on other financial assets and liabilities measured at fair value through profit or loss	2,566	-11,116	-2,584
	a) financial assets and liabilities designated at fair value	0	0	0
	b) other financial assets mandatorily measured at fair value	2,566	-11,116	-2,584
130.	Net losses/recoveries for credit risk on:	-287,768	-288,982	-455,118
	a) financial assets measured at amortized cost	-286,167	-285,280	-452,389
	b) financial assets measured at fair value through other comprehensive income	-1,601	-3,702	-2,729
140.	Profits/Losses on contract modifications without derecognition	-7,495	-694	-219
230.	Other operating expenses/income	385,262	332,903	824,438
250.	Profits (Losses) on equity investments (as regards the portion of profit/ losses on disposals)	2,934	4,578	0
280.	Profit (losses) on disposals of investments	3,056	1,931	1,138
320.	Profit (Loss) after tax from discontinued operations	0	0	0
	a) Loans			
	b) Financial assets available for sale			
	c) Investments held to maturity			
	d) Other financial activities			
140.	Profits/Losses on contract modifications without derecognition		-219	-1,367
230.	Other operating expenses/income		824,438	286,006
250.	Profits (Losses) on equity investments (as regards the portion of profit/ losses on disposals)		0	9,761
280.	Profit (losses) on disposals of investments		1,138	66,080
320.	Profit (Loss) after tax from discontinued operations		0	0
A. TOTAL ECONOMIC VALUE GENERATED		**3,179,484**	**2,637,523**	**2,575,847**

continues

Consolidated statement of added value (thousands of Euros) G4-EC1		2023	2022	2021
190.	b) other administrative expenses: net of indirect taxes and donations	622,813	605,855	576,185
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS		**622,813**	**605,855**	**576,185**
190.	a) personnel expenses (including the expenses for external networks)	1,017,173	965,600	1,079,914
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND OTHER STAFF		**1,017,173**	**965,600**	**1,079,914**
340.	Profit (loss) for the period attributable to minority interests	1,742	1,474	929
ECONOMIC VALUE DISTRIBUTED TO MINORITY INTERESTS		**1,742**	**1,474**	**929**
	Earnings distributed to the shareholders	359,716	299,984	0
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS		**359,716**	**299,984**	**0**
190.	b) other administrative expenses: direct and indirect taxes	161,546	150,903	144,558
190.	b) Other administrative expenses (net of charity/donations and contributions to resolution and deposit guarantee schemes) (-)	101,038	95,873	114,962
300.	Income taxes for the year (current taxes, changes in taxes, decrease in taxes)	41,201	14,894	108,810
ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND PERIPHERAL ADMINISTRATION		**303,785**	**261,670**	**368,330**
190.	b) other administrative expenses: charity and donations			
	Profit allocated to the charity fund	2,300	2,200	0
ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND THE ENVIRONMENT		**2,300**	**2,200**	**0**
B. TOTAL ECONOMIC VALUE DISTRIBUTED		**2,307,529**	**2,136,783**	**2,025,358**
200.	Net provisions for risks and charges	45,351	29,290	79,001
	a) commitments and guarantees given	6,528	12,089	7,011
	b) other net provisions	38,823	17,201	71,990
210.	Net adjustments of/recoveries on property, plant and equipment	126,214	112,978	118,139
220.	Net adjustments of/recoveries on intangible assets	94,074	99,867	122,467
250.	Profit (losses) on equity investments (writedowns/writebacks, value adjustments/recoveries, other expenses/income)	-1,213	-4,524	-2,917
260.	Net profit (losses) from property, plant and equipment and intangible assets measured at fair value	402	810	-178
270.	Goodwill impairment	0	0	0
300.	Income taxes for the period (change, deferred tax assets and liabilities)	260,958	5,909	-373,466
	Profit allocated to reserves	346,169	256,410	607,443
C. TOTAL ECONOMIC VALUE RETAINED		**871,955**	**500,740**	**550,489**

03

COMMITMENT TO SUSTAINABLE DEVELOPMENT

SUSTAINABILITY PLAN AND STRATEGIC DIRECTIONS OF THE GROUP

INTEGRATION OF SUSTAINABILITY INTO CORPORATE GOVERNANCE

MATERIAL TOPICS RELEVANT TO BUSINESS OPERATIONS

SUSTAINABILITY PLAN AND STRATEGIC DIRECTIONS OF THE GROUP

Thanks to its mutualistic nature, the Crédit Agricole S.A. Group ranks as the **top cooperative credit bank in the world and has set the ecological transition and social usefulness at the centre of its development strategy,** using its universal banking model to support a fair transition, which “leaves no one behind”.

Its **customer-focused universal banking model** is characterized by a strong bond between the retail banks and the specialist companies of the Group, enables Crédit Agricole to assist all its customers in realizing their personal and business projects, thanks to a wide range of specialist services: retail banking, home loans and consumer finance, wealth management, life and non-life insurance, asset management, real estate, leasing, factoring, corporate and investment banking, financial and institutional services.

Its positioning as a customer-focused universal bank is driven by ambitious goals that are consistent with its corporate raison d'etre

“WORKING EVERY DAY IN THE INTEREST OF OUR CUSTOMERS AND SOCIETY”

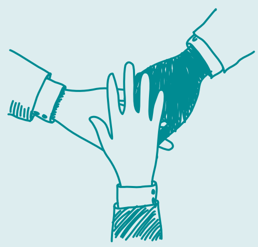
The Group’s positioning is fully substantiated in its *Societal Project*, one of the three Pillars, along with the Customers and People Pillars, of the Medium Term Plan (MTP) of the Crédit Agricole Group. In its turn, the Societal Project is based on three collective mobilization topics:

1

ACTING SUSTAINABLY FOR THE CLIMATE AND THE TRANSITION TOWARDS A LOW-CARBON ECONOMY;

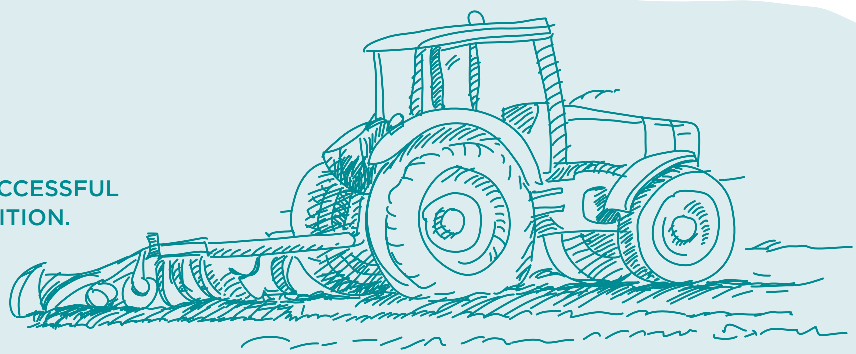
2

STRENGTHENING SOCIAL COHESION AND INCLUSION;



3

FACILITATING A SUCCESSFUL AGRI-FOOD TRANSITION.



TRANSFORMATION OF THE ECONOMIC MODEL FROM A SUSTAINABILITY PERSPECTIVE

Responding to the new challenges that our society has to address – large-scale climate change, environmental deterioration and loss of biodiversities and social cohesion and geopolitical instability, – Crédit Agricole has chosen to put the strength of its universal banking model at the service of the **transition to carbon neutrality,** in order to provide all its customers, from households to large multinational enterprises, with solutions and services fit to assist them in the changes underway.

The climate emergency requires that the transition to renewable energy sources be sped up to replace fossil fuels, addressing all together the challenge of **making energy transition accessible to society as a whole.**

Aware of the importance of the financial sector as a drive of change, Crédit Agricole has committed to acting responsibly in transforming the economic model towards carbon neutrality, preventing any sudden social and political upheaval.

The Crédit Agricole S.A. Group's ambition on these matters is consistent with its twenty-year record of public endorsement and commitment that started **with joining the United Nations Global Compact (2003), the Principles for Responsible Investment (2006), the Paris Agreement on Climate (2015), the United Nations Principles for Responsible Banking (2019), the co-foundation of the Equator Principles (2003) and the Green Bond Principles (2014).**

NET ZERO COMMITMENTS

In 2021 and 2022, in order to further boost its decarbonization strategy, **the Crédit Agricole S.A. Group joined the four "Net Zero" alliances of the financial sector, committing to acting for the achievement of carbon neutrality by 2050;** the four alliances are the NZ Banking Alliance (for banks), the NZ Asset Managers Initiative (for asset managers), the NZ Insurance Alliance (for insurance undertakings) and the NZ Asset Owner Alliance (for institutional investors); the Crédit Agricole S.A. Group is one of the few international players that signed all of them.

To translate its commitment into tangible actions, the Crédit Agricole S.A. Group started the "Net Zero 2050 project" which is intended to lay the foundations for the plan for transition to carbon neutrality, defining the basis of its climate strategy in the following points:

- Adoption of a Raison d'être that places social usefulness at the centre of its value creation model;
- Definition of a Societal Project – within its Medium-Term Plan (MTP) - which structures all the actions and functions around three pillars (climate, social and agricultural);
- Design of a strategy for climate based on scientific approaches and aimed at aligning the Group's cash flows with the path defined by the Paris Agreement of 2015 (carbon neutrality by 2050);
- Preparation of products and services aimed at accelerating the advent of renewable energy;and low carbon emissions solutions, to be made available to customers;
- Asserting the need to gradually phase-out fossil fuels in order to contribute to reaching carbon neutrality, while ensuring that that transition is socially fair.

Specifically, the Crédit Agricole S.A. Group defined its trajectories for decarbonization for the zeroing of net CO_2 emissions by 2050 of its loans at a global level in as many as 10 economic sectors that account for 80% of global emissions, which amount to about 60% of the Group's loans, through parameters that can be measured on scientific data and with in-between targets by 2030, setting 2020[2] as the baseline year.

2 The approach used to define the targets at the Group level has been taken from the Partnership for Carbon Accounting Financials (PCAF).

These sectors are:

- Oil and gas (75% decrease in emissions in absolute value by 2030, a target that was raised at the end of December vs. 30% one previously announced, subsequent to the commitments signed internationally within the recent COP 28);
- Automotive (-50% by 2030);
- Energy production (-58% by 2030);
- Commercial real estate (-40% by 2030);
- Cement (-20% by 2030).

For the other 5 sectors, at the end of 2023 the Crédit Agricole S.A. Group announced some hypothesis of goals that will be confirmed in 2024, namely:

- Steel (-26% by 2030);
- Maritime transport (-36% by 2030);
- Aviation (-25% by 2030);
- Residential real estate (contributing, in the French market alone, to achieving emission intensity by residential unit in the portfolio of 12.4 $kgCO_2e/m^2$ by 2030);
- Agriculture (contributing to a -18% decrease in emissions by 2030 in accordance with the French national legislation for the domestic market).

The Crédit Agricole S.A. Group intends to reach the aforementioned goals supporting its customers in their social and economic transition **financing the development of renewable energy sources and of low CO_2, emission infrastructures, the adoption of clean technologies and energy efficiency projects.** Furthermore, it announced **the discontinuation of the financing of new projects for fossil fuel extraction** and intends to adopt selective approach in supporting energy industry players engaged in this transition.

This commitment was formalized both in the 2022 Non-Financial Statement of Crédit Agricole S.A. and in a guide published in May 2023, its White Paper or, Livre blanc[3] “Acting for the climate: our contribution to carbon neutrality by 2050”.

CRÉDIT AGRICOLE ITALIA’S COMMITMENT

Crédit Agricole Italia started on its path in a structured manner in 2021 with the definition of its sustainability governance and strategic directions transposing its Parent Company’s ambitions and goals into the Italian arena.

The **corporate social responsibility policy of Crédit Agricole is at the core of its identity,** is integrated in its products and services and characterizes all its activities, thus becoming a global performance factor and a powerful carrier of innovation for all the regions and communities where the Group operates.

The Bank’s ambitions are:

- Promoting a holistic approach to the Environment, Social and Governance (ESG) pillar;
- Being a reference partner for Customers in their transition journey;
- Implementing the applicable legislation and regulations turning risks into business opportunities;
- Continuing to invest in the social field, with special focus on the regions and communities we operate in.

3 https://www.credit-agricole.com/pdfPreview/200658

Having regard to the environmental scope, Crédit Agricole Italia contributes to the achievement of the goals set by the Crédit Agricole S.A. Group within the Net Zero Banking Alliance and continues to pursue the integration of sustainability factors throughout its value chain and therefore "from upstream to downstream", in order to assist its customers and regions in their energy and ecological transition.

This being the background, in 2023 the Bank designed its action plan along some specific axes:

- Management of the regulators' ESG expectations in order to turn legal and regulatory obligations into business opportunities;
- Start of the definition of the approach, baseline CO_2 reduction targets for the priority sectors in the Net Zero scope (first and foremost commercial and residential real estate), in view of extending them to the other economic sector selected by Crédit Agricole;
- Development and establishment on the market of a range of products and services designed to assist customers - individuals, households and businesses - in their transition to sustainability;
- Implementation of an advisory model that integrates ESG factors in the Wealth Management segment;
- Continuing to integrate ESG matters in risks, loans, purchasing, carbon footprint of the Bank's operations, in training and in the personnel incentive system;
- Continuing with the actions to decrease its direct carbon footprint (100% of purchased electricity from renewable sources, reduction emissions associated with the enhancement the energy efficiency of buildings, progressive replacement of the Bank's car fleet with hybrid or fully electric vehicles, etc.);
- Continuing to select suppliers and providers on the basis of ESG criteria, start of a study to reduce the carbon footprint of the IT component of purchases.

Furthermore, to strengthen social cohesion and inclusion, the Group promotes projects and initiatives that convey its identity, in order to generate social impact in the regions where it operates, acting as a "partner in change". These projects are structured around four action lines, which specifically involve the Group's people, young people, households and businesses:

- Fundraising through **CrowdForLife,** the crowdfunding platform of the Crédit Agricole Italia Banking Group, which went live in 2019 and is a tool to tangibly respond to the needs expressed by our communities and regions;
- **Corporate volunteer activities** developed in cooperation with third-sector organizations, to raise awareness about environmental and social matters, foster the sense of belonging and promoting active participation in the life of local communities;
- Fight against educational poverty of new generations via the School Programme, in cooperation with associations operating throughout Italy, such as **FEDuF (Foundation for Financial and Savings eduction), Save the Children, Fondazione Carolina e CASCO Digital Learning and ELIS,** to facilitate equal opportunities among young people and to assist them to self-realization and career development through training, vocational orientation and the new online socialization and networking channels;
- Initiatives following the 3 R principle **(Reuse, Urban Regeneration and Waste Reduction** and carried out within New Life, a circular economy project gone live in 2019 and aimed at actively involving entities, institutions, citizens, customers and personnel to foster their taking responsibility to the regions and communities.

Crédit Agricole Italia's commitment along the various action plan axes mentioned above, in both the environmental and social scope, is based on FReD, the international meta-project of the Crédit Agricole S.A. Group, intended to give a common reference framework for corporate social responsibility initiatives, around a set of 96 actions and divided into three topics: **respect for customers (Trust), respect for employees (Respect) and respect for the planet (Demetra).**

Trust
it comprises projects aimed at fostering and strengthening trust and its relationships with Customers, ensuring that ethics informs all business relations and transactions.

Demetra
Comprises projects for the protection of the environment, by fighting climate change and supporting green innovation

Respect
Comprises projects dedicated to respect for people, the Group's personnel, local communities and regions

The achievement of the FReD improvement objectives is included in the MBO (Management by Objectives) for some managers of the Group. The progress in the projects is monitored on a yearly basis with a synthetic index.

The sustainability strategic directions and the ESG activities of Crédit Agricole Italia refer to and directly or indirectly contribute to pursuing eleven of the seventeen **Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.**

RESPONSE TO THE ESG REGULATORY FRAMEWORK

The Bank is very focused on proper management of the regulators' expectations and requirements in the EGG scope (the European Union Taxonomy, the expectations of the European Central Bank and of the Bank of Italy, Pillar III ESG, Disclosure).

More specifically, the Pillar III framework is intended to enable investors and stakeholders to compare the sustainability performance of banks and of their financial assets via public disclosure of significant and comparable information on ESG risks, including physical and transition risks, as well as **information on the assets that contribute to the Taxonomy environmental goals** (Green Asset Ratio and Banking Book Taxonomy Alignment Ratio).

Within these activities, CAI discloses that information in accordance with the Pillar III prudential disclosures consistently with its Parent Company Crédit Agricole S.A.. As at 31 December 2023 it contributed to the Pillar III reporting of Crédit Agricole S.A. processing the models on exposure to high transition risk sectors and breakdown of the real estate assets used as collateral by energy performance, physical and transition risks associated with climate change. As of 30 June 2024, the Group will be required to give full disclosure of all the templates determined by the European Banking Authority (EBA), including information on financed GHG emissions (Scope 3) and the EU Taxonomy.

Within the data management framework, the Bank started to develop an IT architecture based on the integration and management of ESG data in the Bank's applications and procedures, in order to strengthen the processes for the production of the ratios to be published in accordance with the EU regulatory framework and with the guidelines of the Crédit Agricole S.A. Group, in order to ensure the completeness and significance of the data and their timely production.

4 In compliance with Article. 449a of the Capital Requirements Regulation (CRR).

INTEGRATION OF SUSTAINABILITY INTO CORPORATE GOVERNANCE

The ESG Governance model of Crédit Agricole Italia, which has been developed since 2021, consists of a sustainability structure that is clear, well defined and effective, with responsibility lying with the Board of Directors and the Top Management, with several levels:

- At the Board level, the "Sustainable Development" Board Committee was set up;
- At the Top Management level, the "ESG and Sustainability Managerial Committee" was set up;
- The third level is the **Sustainability Business Unit** which relies on the support of **30 ESG Managers.** The Sustainability Business Unit includes the ESG Disclosure Service, which was set up in 2023 and tasked with thorough management of the ESG disclosure obligations.

Therefore, the Board of Directors can rely on the support given and the analyses proposed by the Sustainable Development Committee and by the ESG and Sustainability Committee, in order to adopt the best possible strategy and thus to achieve the set sustainable development goals.

The Sustainable Development Committee supports the BoD in assessing and in analyzing in depth sustainability topics associated with the Bank's operations, as well as in approving the strategic lines and policies concerning ESG and Sustainability matters, including the cultural and social responsibility model and fight against climate change, contributing to ensuring the best possible management and control of risks and taking into account the objective of sound and sustainable value creation for all stakeholders.

The ESG and Sustainability Committee is the decision-making body and is responsible for assessing and prepare the proposals for sustainability policies to be submitted to the Board of Directors for approval, after being validated by the Sustainable Development Committee. Within the sustainability policies approved by the Board, it promotes, steers and approves the strategic plans and initiatives of the Crédit Agricole Italia Banking Group aimed at improving over time the Group's impact on the society, the environment and the governance (ESG rating) and at managing the ESG risks taken by the Group.

The Committee oversees sustainability topics for the Crédit Agricole Italia Banking Group, such as assistance to the stakeholders in their energy transition and social and financial inclusion.

INVOLVEMENT AND ENGAGEMENT OF PEOPLE

Crédit Agricole Italia's commitment to adopting and promoting sustainability, not only as an option but rather as an integral part of its corporate mission and vision, requires a full range evolution of its organization, which, first and foremost, must be a cultural evolution.

The drivers which the Bank is acting on are many, from the evolution in internal leadership consistently with ESG principles and governance, to the onboarding of new resources, to the upskilling of the people already on staff, whereby, at an operational level, the Bank has now specialist "Front Office" structures (Sustainable Banking at CACIB Milan and ESG team in CAI Corporate Banking channel) tasked with meeting the customer enterprises' needs concerning Sustainability.

As a direct consequence, sustainability matters are being more and more integrated also in training programmes and in internal communication for the Group's employees.

The "ESG" training has been designed to ensure that our people develop culture and skills, which are essential in the scope of ecological transition and of Italy's Recovery and Resilience Plan, and aims at ensuring the ability to give a more and more targeted response to our Customers' requirements, consistently with and supporting the Group's strategic plan. To that effect, our training programmes include diverse subjects in accordance with their target group and cover a wide range of topics.

Indeed, in 2023, training continued to be provided to all personnel, starting from the Board itself, which was involved in a specialist programme on ESG matters, with scenario-related, trend-related, specialist and regulatory contents.

A custom-made and certified training programme was designed and proposed to the ESG Managers of the functions that have been the most impacted by the developments in the applicable legislation, consisted of 5 sessions held by trainers expert in the sector and enabled the trainees to obtain the ESG ABI Expert professionalizing certificate. Some of the many topics covered were: the EU environmental taxonomy and its consequences on lending, risk management, finance and disclosure processes.

Furthermore, seven training programmes on ESG and Third Sector topics were made available in e-learning mode on Digital Academy, the training platform open to all employees, and specialist training initiatives were designed and provided to the staff of some structures and to those that are engaged in on-boarding new hires or that, in their turn, are internal trainers.

Furthermore, thanks to the support given by some "Ambassadors" to their colleagues in learning, training on sustainability continued for the personnel that approaches for the first time the technical commissions in order to take on the role of Branch Manager.

Indeed, the activity of our "Sustainability Ambassadors" continues to play a valuable role in disseminating the ESG culture throughout the Company and in promoting sustainable practices; in 2023 this community further extended with the entry of about forty people, from both the Network and Central Departments.

Lastly, having regard to people engagement, worth mentioning are the Volunteer activities supported by important partnerships, such as that with Save the Children for the "Digital Connections" programme, which directly involves the specific skills of some colleagues to support the students.

LISTENING TO AND DIALOGUE WITH STAKEHOLDERS

Crédit Agricole Italia holds dialogue with its stakeholders a key aspect of its model of doing banking business. Indeed, it is the tool whereby the Bank reports to its stakeholders about its commitments and performances, as well as an opportunity to listen to the needs that are specific to the regions where it operates. For this reason, stakeholder engagement is a systemic cornerstone able to strengthen the sustainability strategy of the Bank, which, over the years, has set up a **structured path aimed at promoting on a continuous basis the channels through which it can interact and exchange views with its stakeholders**

In 2023 Crédit Agricole Italia wanted once again give voice to those that could best describe, on various grounds and from different standpoints, the developments in Italy's social and economic context and the latent or emerging needs which the Bank can contribute to meeting through:

- A cycle of one-to-one interviews with key players, involving industry experts - including a European institution, a sustainable development organization, a financial sector organization, and a representative of academia - customers, third sector entities, banking foundations and innovation hubs. Alongside it, another cycle was held of 9 one-to-one interviews with the Bank's Top Management.

These opportunities to exchange views gave the Bank useful elements to detect and understand the trends that describe the scenario and needs of the regions in which it operates, besides being important inputs for the development of its strategy. Specifically, it could be assessed that the Bank is perceived as belonging to them and as a player that can develop significant networks and synergies, besides having resources able to guide intents and support the development of a sustainability and innovation culture.

For higher awareness of the parties that have relations and interests with the Bank and are impacted by its operations, in 2023 the Bank updated the mapping of its stakeholders, and their reorganization into categories is represented below.

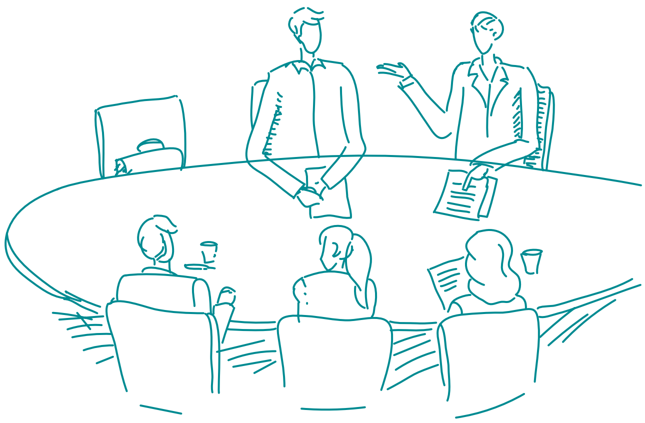
MATERIAL TOPICS RELEVANT TO BUSINESS OPERATIONS

MATERIALITY ASSESSMENT UPDATING

Besides being an essential activity to maintain and strengthen interactions with all those who have a stake in the Bank's operations and to constantly provide inputs that are useful to strengthen the Bank's sustainability strategy, stakeholder engagement activities also contribute to the periodic updating of the materiality assessment.

The materiality assessment is the main process whereby, examining risks and opportunities **the topics that are material in social, environmental and governance terms are defined** in order to focus also the non-financial reporting exercise on them.

With the entry into force of the GRI 2021 Revised Universal Standards, the process for the definition of material topics has been revised, strengthened and oriented towards **the reading of the impacts that the organization has or may have on the economy, on the environment or on people, including human rights, as a result of its business activities or relations.** In this regard and in order to further increase compliance with the standard, the approach adopted with the 2022 NFS has been made even stronger with a benchmark analysis focusing on the impacts generated by the banking business and with the alignment to the basket of impact identified by the Parent Company Crédit Agricole S.A..



The outcome of this first phase consisted in a list of impacts, which were concomitantly identified and assessed by the top officers of the Bank and a group of stakeholders that were involved as industry experts. Thanks to the combination of the two standpoints, the points of tangency between Italy's social and economic trends and the Bank's development directions could be considered in terms of impact, thus contributing to fine tuning the definition, in semantic terms, of the identified impacts while also rating them in terms of significance. Then, the impacts were measured through the contents that emerged from the one-to-one interviews with a more diverse group of stakeholders and from the "Sustainable future trajectories" event.

The table below reports the identified impacts, giving the description of their specific meaning and the assessment that emerged from the process.

Impact	Type	Impact description	Impact weight
Development of new enterprise and innovation models	Positive/ Actual	Thanks to partnerships and to the implementation of specific products, services and initiatives, proactive cooperation can be ensure contributing to the promotion and generation of new entrepreneurial ideas and of processes aimed at social, economic and environmental innovation in the regions.	HIGH 3.8
Local development	Positive/ Actual	By implementing specific products, services and initiatives, support can be provided to SMEs and small local businesses, while also ensuring support (through sponsorships, charity and the promotion of CSR activities) in generating local development and driving a positive change in the regions.	HIGH 3.2
Decarbonization of the economy	Positive/ Potential	The implementation of specific products, services and initiatives gives tangible support to the decarbonization of the economic fabric. The promotion of awareness-increasing initiatives on this topic is yet another vehicle to generate positive impacts.	HIGH 3
Growth and development of specific skills	Positive/ Actual	The materiality of employees and other staff members and the commitment to developing their skills in order to ensure the utmost enhancement of each one of them, and therefore, better and better service to customers, are fundamental assets for the strategy.	MEDIUM 2.6
Financial education	Positive/ Actual	The knowledge of financial matters puts customers in the condition of understanding the value of the products and services given by the Bank and to make mindful choices that are consistent with their needs.	MEDIUM 1.8
Exclusion from credit for sustainable development	Negative/ Actual	The application of ESG,assessment metrics, which is necessary in order to identify deserving persons and entities, must go along with close attention by account managers in order to mitigate possible methodological issues that may arise in said assessment processes. Keeping close control on those processes enables to mitigate any negative outcomes, including the potential exclusion of smaller entrepreneurial projects for sustainable development.	MEDIUM 1.6
Financial inclusion	Positive/ Potential	By implementing specific products, services and initiatives, credit support is extended also to non-bankable vulnerable people and to third sector nonprofit players that are generally more excluded. This will be able to generate wider financial inclusion	MEDIUM 1.6

continues

Impact	Type	Impact description	Impact weight
Regional exclusion	Negative/ Potential	The reorganization of the regional assets is a result of the strong boost to digitalization. Those developments must be kept under close control, in order to mitigate any potential perception of regional exclusion and the consequent loss of stakeholders' trust, which may well be a consequence.	MEDIUM 1.4
Lower engagement and involvement of local stakeholders	Negative/ Actual	The changes in physical arrangements sharpen the need to oversee the relationship with the local social players, especially the third sector and nonprofit entities. Reasoning from a perspective of stronger dialogue with the local players, agents of social development and innovation, is an important key to the interpretation of the regional dynamics, useful to prevent and possibly mend the distance between the bank and the local communities.	MEDIUM 1.4
Enhancing the efficiency of real estate properties in Italy	Positive/ Actual	The development of specific products, services and initiatives fit to support the renovation and upgrading of real estate properties in Italy, which are often old, is a very material scope that can have a positive effect on the achievement of higher efficiency and therefore on the environment.	MEDIUM 1.2
Selective accessibility to the services	Negative/ Potential	Although digitalization has increased the opportunities of and easy access to services, it is a process able to generate also exclusion. Combined with the reorganization of physical premises and the potential reduction in proximity services in the regions, it is an element to be closely monitored.. Specifically, close attention must be kept on involuntary exclusion of segments of the population (diverse cognitive abilities, vulnerable persons without any suitable means, no capital and no digital skills, elderly people) from the use of the services.	MEDIUM 1

continues

Impact	Type	Impact description	Impact weight
Wellbeing and inclusion of employees	Positive/ Actual	Acknowledging the role and materiality of employees and other staff is essential to implement processes for the development of their skills and of projects and initiatives aimed at ensuring the inclusion and enhancement of each one of them. The attention scopes whereby an inclusive work environment is strengthened are diverse and wide-ranging: among them, acknowledging skills, enhancing diversities, the corporate climate and psychophysical wellbeing. Care for these aspects enables to generate positive impacts on health and sense of inclusion, enhancement and acknowledgement of employees.	LOW 0.8
Customer security (cybersecurity)	Negative/ Actual	The digitalization of services and the increase in new forms of bank and financial fraud entail higher risk of loss of data and security breaches affecting customers and require constant control and monitoring in order to mitigate potential negative impacts.	LOW 0.6
Impact on employment due to the processes for digitalization and operations efficiency enhancement	Negative/ Actual	The wider and wider use of digital technologies in business processes and the enhancement of the operations efficiency require constant oversight of the management of human capital in order to maintain quality employment.	LOW 0.4
Impact on savings protection	Negative / Potential	The push towards the achievement of business targets may lead to unfair commercial practices in the allocation of financial products, thus causing damage to customers.	LOW 0.4

The list of impacts, ordered by weight, was referenced to the material topics whose definition determined their scope of relevance. Versus the 2022 list, the “Savings protection” material topic has been added, to which a positive impact has been associated regarding financial education, along with a negative impact associated with unfair commercial practices.

Furthermore, the Bank has deemed it appropriate to report the 2023 results of its commitments regarding the “creation of sustainable and long-lasting value” and “integrity and transparency in governance processes and business management” topics, which have been held as material although not confirmed in terms of impacts by the materiality assessment and by any input given by the stakeholders.

The material topics, along with their positive and negative impacts, are reported below.

2023 material topics	Relevance	Positive impacts	Negative impacts
Innovation and accessibility of the (service) model	In this period tin our history we are at a crossroads: on the one hand, we have the need to evolve keeping pace with digital innovation and, on the other hand, we have the responsibility to ensure the right of access to the services. Innovation (digital innovation) is a key driver for the banks of today and of tomorrow, but brings along the risks associated with digital divide and security. Innovation of the banking model must consider the central position held by the Bank in a structure of relations where it is responsible for facilitating dialogue along and across all supply chains, in order to detect and meet local needs and requirements.	• Financial inclusion • Development of new enterprise and innovation models	• Customer security (cybersecurity) • Selective accessibility to the services
Bank and regions	Crédit Agricole Italia is a bank with strong regional vocation. The «proximity bank» definition comes from a tradition based on a well-established and long-standing model and able to read the regions and local communities. Its evolution that has brought it to be part of a large international Banking Group and the rationalization of branches have raised fears in the local communities concerning the relationship and inclusion dimensions in the sustainable development process.	• Local development	• Regional exclusion • Selective accessibility to the services • Lower engagement and involvement of local stakeholders
Entrepreneurship and agri-food supply chain	Providing support to enterprises, especially to the agri-food sector, is core to the range of products and services developed by the Bank. In order to seize the opportunities for growth in enterprises, the dialogue with them must strengthened and their reality and needs must be known in order to prevent the exclusion of any of them from the development path, also as regards lending for innovation and sustainability.	• Decarbonization of the economy • Development of new enterprise and innovation models	• Exclusion from credit for sustainable development
Role of credit in sustainable development	The banking system has the responsibility to steer sustainable development through lending and, in doing this, to meet local needs. Credit becomes a vehicle to enable economic and social development, but it cannot be effective if it does not rest on solid networks.	• Decarbonization of the economy • Enhancing the efficiency of real estate properties in Italy • Financial inclusion local development	• Exclusion from credit for sustainable development

continues

2023 material topics	Relevance	Positive impacts	Negative impacts
Climate change and real estate properties	The economy decarbonization depends on the possibility to invest in the innovation of production models. Assessment metrics and standardization generate the risk of failing to understand specific potential and intentions and, consequently, of excluding possibilities of sustainable development, especially for enterprises and the third sector.	• Enhancing the efficiency of real estate properties in Italy • Decarbonization of the economy	
Centrality of people	People are the bank's success engine.Their knowledge, skills and the possibility to express themselves in a healthy and inclusive work environment are essential factors for model innovation and service quality. Specifically, inclusion and systematic implementation of schemes for the enhancement of the diversities at the Bank (diversities of background, social and cultural capital, of gender, of abilities, of skills and expertise, ...) are must-have elements. Furthermore, the Bank is responsible for protecting quality employment in a scenario of digital development and enhancement of operations efficiency.	• Wellbeing and inclusion of employees • Growth and development of specific skills	• Impact on employment due to the processes for digitalization and operations efficiency enhancement
Savings protection	Given the trust relationship, the Bank must ensure that its conduct is fair to all its Customers, working in their best interest and preventing any practices that may be disadvantageous to their financial situation. At the same time, sharing financial knowledge, it can put its customers in the condition of understanding their needs and, thus, to make mindful choices.	• Financial education	• Impact on savings protection

04

THE CORPORATE AND BUSINESS MANAGEMENT MODEL

GOVERNANCE AND ORGANIZATIONAL STRUCTURE

COMPLIANCE, INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

MANAGEMENT OF SUPPLIERS

FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION

GOVERNANCE AND ORGANIZATIONAL STRUCTURE

As regards its organization and corporate governance, the Crédit Agricole Italia Group complies with the applicable legislation and regulations and its Articles of Association and applies the Bank of Italy Supervisory Provisions.

The Companies of the Group have adopted the traditional model, which provides for the general meeting of Shareholders and two Bodies, both appointed by the General Meeting: the Board of Directors (BoD) and the Board of Auditors. The statutory audit of the accounts is assigned to an independent Audit Firm in compliance with the applicable legislation.

The corporate governance of the Group's Companies is entrusted, in accordance with their respective scopes of responsibility, to:

- The General Meeting of Shareholders;
- The Board of Directors;
- The Executive Committee, where appointed;
- The Chief Executive Officer, where appointed;
- The Board of Auditors;
- The General Management.

The Group's corporate governance model provides for the assignment of the various functions as follows:

- The direction and strategic oversight function is performed by the board of Directors, which resolves on strategic directions and continuously verifies their implementation;
- The management function is performed by the Board of Directors, which exercises it through, where appointed, the Executive Committee, the Chief Executive Officer and the General Management staff;
- The control function is vested in the Board of Auditors, which supervises compliance with the applicable legislation and regulations and with the Articles of Association, abidance by proper management principles, the adequacy of the Company's organizational structure as to the aspects in its scope of responsibility, of the internal control system and of the administration and accounting system, as well as its reliability in giving a true representation of operations.

The Chairman of the Board of Directors is at the very top of the Parent Company's corporate governance structure and the Chairman's role is to promote effective operation of the corporate governance system, ensuring the balance of powers vested in the Chief Executive Officer and the other Executive Directors; he or she is the reference officer for the internal control bodies and the Corporate Bodies of the Group's Companies and oversees external and institutional relations.

5 The Board of Directors of Crédit Agricole Italia (pursuant to Article 23 of the Articles of Association) has delegated the company management function to an Executive Committee, determining its composition, responsibilities and powers and method of operation. The Parent Company's Executive Committee in office as at 31 December 2023 consisted of five Executive Directors, one of whom is the Chief Executive Officer, who is a member as of right..

BOARD OF DIRECTORS AND COMMITTEES

The BoD in office as at 31 December 2023 consisted of 15 members, 5 of whom executive members and 6 non-executive members, including the Chairman and 4 independent directors, 10 men and 5 women.

The Boards of Directors of Crédit Agricole Italia and of the Group's Companies consist of Directors meeting the requirements laid down by the applicable legislation and regulations and are regulated by the law and by the respective Articles of Association.

Specifically, the members of the Board of Directors of Crédit Agricole Italia shall meet the fit and proper and independence requirements, the expertise and fairness criteria, comply with the limitations to multiple directorships and with the time commitment requirement, i.e. dedicating the appropriate time to the performance of their duties, in compliance with the applicable legislation, regulations and supervisory provisions in force. In the composition of the bodies vested with strategic oversight, management and control functions, worth mentioning is the expediency of having persons with extensive and wide-ranging competencies in the sector, diversified professional backgrounds and diverse features in terms of age, gender, cultural background and international projection.

The BoD members are selected in accordance with the instructions given in the document that sets out the Board's optimal composition in qualitative and quantitative terms, and that is consistent with the policies adopted by the Bank in this scope:

- The Policy on the fit and proper requirements for office adopted by the Parent Company Crédit Agricole S.A., which applies also to the Italian entities and governs the fit and proper requirements that nominee directors must meet in accordance with the applicable legislation and regulations;
- The Policy to achieve actual gender inclusion, which governs gender quotas in the BoD, responding to social equity demands, preventing discrimination and improving the Board's decision-making mechanisms thanks to new and diverse skills and expertise and to debate that is less exposed to *groupthinking* phenomena.

The non-executive directors may not be vested with any decision-making powers and with no specific tasks, and may not be involved, officially or unofficially, in executive management. The Parent Company's Non-executive Directors take part in the procedures for the appointment and termination of office of the Holders of Control and Risk Management Functions.

Also the Chairman of the Board of Directors has a non-executive role, without prejudice to his or her power to adopt resolutions, in case of urgency, on any and all matters or transactions in the scope of responsibility of the BoD (except of the matters the resolution on which is the exclusive responsibility of the Board of Directors), in accordance with Crédit Agricole Italia's Articles of Association in force.

The independent Directors shall supervise - with independence of mind - the company management ensuring that is is performed consistently with the sound and prudent management objectives. The independence of Directors is assessed upon their appointment and continuously thereafter by the Board of Directors.

In performing its functions, the BoD is assisted by five Board Committees. The Board Committees:

- Consist of non-executive directors and, for the majority, independent directors;
- have a Chairman who coordinates their work;
- Must be different one from the other by at least one member and at least one member must belong to the less represented gender.

Committee	Functions
Internal Control Audit Committee	It is responsible for giving advice and making proposals to the Board of Directors about risk management, the accounting information system and the internal controls system, in order to ensure that the control framework is efficient and effective.
Related Party Committee	It is responsible for verifying the transparency and substantial procedural fairness of the transactions carried out with Associated Persons, as well as for giving its prior and non-binding opinion on said transactions.
Appointments Committee	Its responsibility concerns the appointment of corporate officers and is engaged in advisory and proposal-making functions.
Remuneration Committee	It has the function of providing support as regards the remuneration policies and the definition of pay applied within the Group.
Sustainable Development Committee	It provides support in making strategic decisions on Environmental, Social and Governance (ESG) matters. It examines and assesses the proposals for the various projects as regards social, environmental and governance aspects to define and actually implement the Group's ESG policies.

	Executive	Non-executive	Independent	Role in the Board Committees
Ariberto Fassati *Chairman*		X		Chairman (5)
Giampiero Maioli (*) *Chief Executive Officer (CEO)*	X			
Olivier Gavalda *Deputy Chair*		X		
Annalisa Sassi *Deputy Chair*		X		Member (3) Member (5)
Evelina Christillin *Director*			X	Chair (4), Alternate member (2), Member (3)
Anna Maria Fellegara *Director*			X	Chair (1), Member (2), Member (4) Member (5)
Lamberto Frescobaldi Franceschi Marini *Director*			X	Chair (3), Member (2) Member (4)
Gino Gandolfi *Director*		X		
Christine Gandon *Director*		X		
Nicolas Langevin *Director*		X		Member (1)
Hervé Le Floc'h (*) *Director*	X			

continues

	Executive	Non-executive	Independent	Role in the Board Committees
Michel Le Masson (*) *Director*	X			
Gaëlle Regnard (*) *Director*	X			
Marco Stevanato Director			X	Chair (2), Member (1)
Michel Mathieu (**) *Director*	X			

(*) Members of the Executive Committee.

(**) this director resigned in January 2024. The General Meeting of Shareholders scheduled for April 2024 will appoint a new director.

(1) Internal Control Audit Committee (2) Related Party Committee (3) Appointments Committee (4) Remuneration Committee (5) Sustainable Development Committee.

As it is a large-size bank, pursuant to the Supervisory instructions, Crédit Agricole Italia has adopted a plan aimed at ensuring orderly succession in the top positions, including the Chairman of the Board of Directors, the Chief Executive Officer and General Manager, in order to ensure smooth continuity of operations and to prevent any repercussions in terms of profit or loss and reputation upon the end of terms of office or early termination of office.

Composition of governance (management and control) bodies of the companies of the Group (405-1)		2023	2022	2021
By age group and gender				
<30 years of age	No.	0	0	0
- of which women	%	0	0	0
30 - 50 years	No.	5	9	11
- of which women	%	80	67	73
> 50 years	No.	35	44	65
- of which women	%	20	16	14

Members of internal governance bodies by geographical origin		2023	2022	2021
Italy	No.	27	39	56
	%	67.50	73.58	74
France	No.	13	14	20
	%	32.50	26.42	26
Other countries	No.	0	0	0
	%	0	0	0

COMPLIANCE, INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Crédit Agricole Italia attaches the **utmost materiality to the management and control of the risks** to which the bank is potentially exposed in accordance with the features of the complex regulatory and market scenario in which it operates.

The whole system of compliance, internal control and risk management adopted by the Group has been structured in accordance with the applicable national and international legislation, with the Supervisory instructions and expectations and the guidelines of the Parent Company Crédit Agricole S.A., and it is based on the principles listed below:

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

The system's objective is to protect the Group's Companies, employees and top management from the risk of being subject to penalties and to ensure that value generation is pursued in a sustainable way while also keeping customers' interest at the centre.

The structures engaged in monitoring and control functions operate directly within the system, namely the Internal Audit, Compliance and Risk Management and Permanent Controls structures, along with the internal monitoring and control arrangements coordinated by the Risk and Internal Control Committee; whereas the Group's interfunctional committees governing business activities operate indirectly within the system, namely, the New Activities New Products Committee (NAP), the Investments Committee, the Loan Committee, the Non Performing Exposures (NPE) Committee of the Group and the Loan Monitoring Committee.

Indeed, these Committees receive support from the structures engaged in control functions as regards their respective scopes of responsibility and interact with the Internal Control Audit Committee.

More specifically, having regard to risk management, the assigned responsibilities are different based on the type of risk. Non-compliance risks associated with:

- Money laundering and terrorism financing;
- Compliance with international sanctions;
- Frauds, corruption, conflicts of interest, market abuse and other offences in the scope of D.Lgs 231/2001;
- Conduct violation;
- Compliance with the applicable legislation governing banking and intermediation activities;
- Personal data protection;
- Compliance with the applicable legislation and regulations on Information and Communication Technology (ICT).

Are controlled by the Compliance Department, whereas control of all other types of risk is the responsibility of the Risk Management and Permanent Controls Department.

The management of internal control systems is the responsibility of the Internal Audit Department, which is tasked with constant monitoring and control to ensure that the activities and processes concerning the organizational units of all the Companies of the Group and the most important Operational Structures are compliant with the internal regulatory system, operating in full independence from any and all executive and decision-making structures regarding risk taking.

The Group's reference regulatory system consists of the main documents listed below:

- Ethics Charter of the Crédit Agricole Group;
- Code of Ethics of the Crédit Agricole Italia Group;
- Management Organizational Model;
- Policies and regulations.

The Risk and Internal Control Committee is also responsible for examining and approving risk management practices and for expressing a judgement on the Risk Policies to be submitted to the BoD for approval. Lastly, it analyzes the applicable legislation in force and decides on the proposals made by the operational teams in charge of risk management and prevention and reports to the Internal Control Audit Committee.

THE RISK MANAGEMENT APPROACH

The approach adopted by the Group to identify, assess and mitigate risks in based on its **Risk Appetite Framework (RAF)**.

The identification process consists in maintaining an updated map of its material risks based on qualitative and quantitative detection and assessments carried out with the relevant structures. This process is carried out as specified in the ICAAP and ILAAP reports[6]. Then, the risk measurement methods and models are regularly updated through frequent monitoring and control activities that are the same for all its subsidiaries, each one of which is responsible for sharing and implementing, with their respective corporate bodies, risk management policies and procedures that are proportional to the risks taken.

Therefore, the framework serves as the reference in defining the maximum levels of risk that can be taken for each type. The risk appetite, which, in its turn, is set out in the related risk management policies, depends on the strategic directions that the Group intends to pursue in the related scope.

The use of the Framework is accompanied and supported by the **Policies on the RAF and on the Most Material Transactions (*Operazioni di Maggior Rilievo* or with the Italian acronym OMR) and by the Risk Appetite Statement (RAS)**, which sets out the risk management governance process and identifies the roles of the management and control structures within the Group for appropriate control of risks and proper setting of the RAF. Furthermore, for each and every qualitative and quantitative risk mapped, the related risk ratios/indicators and alert thresholds are set, which, if breached, trigger a specific escalation process and the definition of an action plan to remedy the breach and to go back to sustainable levels of risk.

6 The Internal Capital Adequacy Assessment Process (ICAAP) is the internal process whereby the firm can self-assess its capital adequacy; the Internal Liquidity Adequacy Assessment Process (ILAAP) is the process for the self-assessment of the adequacy of the firm's liquidity risk governance and management system in accordance with the Supervisory Provisions.

THE MANAGEMENT OF TRANSITION RISKS AND OF PHYSICAL RISKS ASSOCIATED WITH GLOBAL WARMING

Together with its French Parent Company Crédit Agricole S.A. The Crédit Agricole Italia Banking Group contributes to the achievement of the Net-Zero Banking Alliance goals it has committed to, namely to align the emissions generated by its various portfolios to the trajectories that are compatible with reaching climate neutrality by 2050.

This is the goal pursued with multi-year action plans, which are progressively being implemented, aimed at **gradually including climate-related and environmental factors in its business model and strategy,in its governance and organization, in its risk management system and in its disclosures to the market** in accordance with the ECB a "Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure" and in accordance with the instructions given by the Parent Company Crédit Agricole S.A..

In this scope, in 2023 the Group's activities focused especially on producing and managing "climate-related" data, both in-house and through contracts with external infoproviders and, in Q4 2023, it contributed to the collection of information within the Fit-For-55 exercise on,data as a t 31 December 2022.

Those data and information will be used to carry out a centralized climate stress testing exercise coordinated by the ECB as mandated by the European Commission; the Commission is interested in assessing and anticipate the shocks on the financial system subsequent to the commitments undertaken by the 27 Member States within the EU Green Deal, which provides for a 55% reduction in emissions by i2030 (vs. the 1990 levels).

Furthermore, in accordance with expectations no. 6 of the aforementioned Guide on climate-related and environmental risks, the Risk Management has structured internal reporting aimed at representing the exposures to climate-related and environmental risks in order for the Board of Directors and the relevant Board Committees to make informed decisions.

The reporting is delivered on a quarterly basis and covers transition and physical risks taking into account both the exposures secured by collateral and unsecured ones, using the place hazard mapping of the Italian territory made available by the Italian Institute for Environmental Protection and Research(ISPRA) and the Italian National Institute of Geophysics and Volcanology (INGV), as well as quantitative assessments received from external providers.

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Social	Innovation and accessibility in the service model	Risk of failing to protect personal data and privacy	Risk of economic and reputational losses caused by noncompliance with the applicable legislation on personal data protection.	• Privacy - Policy of the Crédit Agricole Italia Banking Group • Personal data protection consolidated act • Circulars, Regulations and manuals on personal data protection and privacy • Domain policy (IT and privacy risk analysis method) • Implementation of Privacy By Design controls • Actions for awareness enhancement and internal communication • Continuous update of the privacy sections of the websites, apps and Intranet • Advisory services to structures engaged in business functions • Management of personal data protection matters concerning the exercise of rights • Monitoring of the consultation of Customers' financial data • Monitoring of key IT privileges (so-called System Administrators) • Monitoring IT enablements assigned to employees • Monitoring information flows outgoing from the perimeter (data loss prevention) • Projects of the Data Protection Service and support to the projects of other structures • Process for breach management and related controls • Periodic updating of the Record of processing and analysis of the related risks • Training of the DPO and of the data protection service personnel • Training and awareness raising of the Company's personnel, providing specialist training programmes and documents to the personnel authorized to process data for specific purposes (e.g., HR, marketing, controls, IT)

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Social	Innovation and accessibility in the service model	ICT and Security risk • ICT security risk • ICT availability and continuity risk • ICT change risk • ICT data integrity risk • ICT outsourcing risk	Risk of losses due to confidentiality breaches, poor integrity of systems and data or inability to replace Information Technology (IT) within reasonable time limes and costs in case of modification of the requirements of the external context or activity (agility), as well as security risks resulting from inadequate or wrong internal processes or to external events, including cyberattacks or inadequate level of physical security.	• ICT Risk Framework Policy • Policy governing the "Manager des Risques Systèmes d'Information" (MRSI) function • Domain policy (IT and privacy risk analysis method) • Risk Strategy • ICT Risk control dashboard • Permanent Controls Framework • Communication and Training also on cybersecurity • Periodic review of the security settings of the IT infrastructure • Continuous search for new cybersecurity technologies to strengthen defence • Enhancement of monitoring schemes and of incident detection ability; • Continuous implementation of controls and safeguards in the identify, protect, detect, respond, recover scope • • Stronger control on IT service providers and third parties
		Fraud Risk	Risk resulting from an intentional action aimed at obtaining tangible or intangible advantages to the detriment of a person or organization perpetrated in breach of legislation, regulations, internal normative instruments and rules.	• The Crédit Agricole Italia Banking Group's policy for combating fraud • Regulation for the management of the fraud combating process • Code of Ethics • Code of Conduct • Mandatory training • 24X7 Fraud Prevention Control within Internet Banking and E-money • Awareness -raising actions on internal and external customers
		Non-compliance risks	Risk of judicial or administrative penalties, material financial losses.	• Compliance Policy of the Crédit Agricole Italia Banking Group

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Social	Role of credit in sustainable development	Credit risk	Credit risk in financing activities featuring social issues resulting from failure to assess material social aspects for the specific sector in measuring credit-worthiness.	• Risk Strategy • Lending policies • Implementation of ESG correction factors in the calculation of the weighted authorized amount in order to factor in the sector riskiness and the ESG performance of the counterparty • CERVED Rating Agency questionnaire or ESG-based questionnaire focusing on the social scope • ESG Customer File with diagnostic assessment of potential sectoral risk of a social nature (SASB matrix) • Training refresher programmes on ESG Lending
	Entrepreneurship and agri-food supply chain	Credit risk	Credit risk in financing activities featuring social issues resulting from failure to assess material social aspects for the specific sector in credit rating.	• Risk Strategy • Lending policies • Implementation of ESG correction factors in the calculation of the weighted authorized amount in order to factor in the sector riskiness and the ESG performance of the counterparty • CERVED Rating Agency questionnaire or ESG-based questionnaire focusing on the Social (S) scope • ESG file with diagnostic assessment of potential sectoral risk of a social nature (SASB matrix)
	Bank and regions	Reputational risk	Present or forward-looking risk of decline in profits or capital caused by any negative perception of the Bank's image by customers, counterparties, shareholders and authorities.	• Brand positioning and Corporate Social Responsibility initiatives (philanthropic activities carried out by the Group) • Code of Ethics • Code of Conduct • Training programme on the Code of Ethics and the Code of Conduct

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Social	Bank and regions	Credit risk	Credit risk in financing activities featuring Social issues resulting from failure to assess material social aspects for the specific sector in credit rating.	• Risk Strategy • Lending policies • Implementation of ESG correction factors in the calculation of the weighted authorized amount in order to factor in the sector riskiness and the ESG performance of the counterparty • CERVED Rating Agency questionnaire or ESG-based questionnaire focusing on the Social (S) scope • ESG file with diagnostic assessment of potential sectoral risk of a social nature (SASB matrix)
	Savings protection	Reputational risk	Present or forward-looking risk of decline in profits or capital caused by any negative perception of the Bank's image by customers, counterparties, shareholders and authorities.	• Code of Ethics • Code of Conduct • Training and communication initiatives on Financial Education • Common glossary of the terms to be used in the press releases, social media posts and in designing the products in order to mitigate the risk of greenwashing • Guidelines that set out the main reference standards and the latest stances regarding green claims, advertising, financial and non-financial communications in the ESG scope • Continuous monitoring of the complaints filed by customers
	Savings protection	Non-compliance risk	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes), e.g. adoption of unfair commercial practices for allocating products.	• Code of Ethics • Code of Conduct • Policy in force on conflicts of interest and inducements in managing investment services (integrated for ESG scopes) • MiFID questionnaire (integrated for ESG scopes) • ESG suitability model: portfolio concentration blocking control • Analysis and assessment of the risks associated with product marketing practices • Training and communication initiatives on Financial Education

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Fight against active and passive corruption	Integrity in governance processes and in business management	Bribery and corruption risk	Risk associated with abusive conducts adopted within ordinary performance of a function, which aim at soliciting, offering, giving or accepting - directly or indirectly – unlawful assets or advantages or the promise of undue advantages.	• Policy on prevention of bribery and corruption risk • Whistleblowing Policy • General awareness raising by the top officers (e.g., reminder on 9 December, the international day of fight against corruption) • Code of Conduct • Code of Ethics • DLgs 231/2001 – Organization, Management and Control Model (MOG); • Assessment of internal processes to prevent bribery and corruption risk • Specific internal regulation on the assessment and selection of suppliers and providers • Specific risk assessment of all new activities and new products (NAP) • Modular training in accordance with roles and responsibilities (general for all employees, specialist for roles and positions at risk)
HR management	Centrality of people	Risk associated with Occupational Health and Safety	Risk of incurring losses subsequent to accidents and potential legal disputes for accidents at work regarding the activities performed, the workplace and work equipment.	• Code of Ethics and Code of Conduct • Mandatory training courses for all personnel • Risk Assessment Document and mitigation plan

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Human Resources management	Centrality of people	Non-compliance risks	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes), e.g. violation of welfare and equal opportunity requirements.	• Ethics Charter of the Crédit Agricole Group • Code of Ethics • Code of Conduct • Charter of Respect • Agreement with the Trade Unions on gender violence • Women in Banking Chart • Training on the Code of Ethics, the Code of Conduct and the Charter of Respect • Training and decision-making powers system • Remuneration policies • Compliance the obligations to employ people with disabilities under Italian Law 68/99 • ABI Protocol providing for easy loan repayment terms to women that are victims of gender-based violence
		Risk of non-retention of skilled resources	Risk of uncontrolled increase in turnover with the subsequent risk of losing skilled resources and consequent impact on productivity and competitiveness of the Company.	• The Group's Remuneration and Incentive • and Incentive policies • Career paths • Development paths
Human Rights		Non-compliance risk	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes), for example for discriminatory remarks, attitudes or behaviours.	• Code of Ethics • Code of Conduct • Training on the Code of Ethics, the Code of Conduct and the Charter of Respect

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Human Rights		Credit risk	Credit risk in financing activities featuring social issues resulting from failure to assess material social aspects for the specific sector in measuring credit-worthiness.	• Lending policies • ESG file with diagnostic assessment of potential sectoral risk of a social nature • CERVED Rating Agency questionnaire or ESG-based questionnaire focusing on the Social (S) scope • Modular training in accordance with roles and responsibilities
		Reputational risk	The present or forward-looking risk of decrease in profits or capital subsequent to any negative perception of the Bank's image by customers, counterparties, shareholders, investors and authorities.	• Brand positioning and Corporate Social Responsibility initiatives • Code of Ethics • Code of Conduct • Modular training in accordance with roles and responsibilities
Environ-mental	Climate change and environmental heritage	Non-compliance risks	Risk of judicial or administrative penalties, material financial losses or reputational damage resulting from violation of mandatory requirements (laws, regulations) or self-regulation (articles of association, code of conduct, self-governance codes) for non-compliance with the applicable legislation on environmental protection.	• Strategy for upgrading the oldest and most polluting plants • FRED project (reduction in CO_2 emissions) • Energy policy • Environmental Management System (EMS) In accordance with the ISO 14001:2015 standard currently being adopted on a voluntary basis • Modular training in accordance with roles and responsibilities

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Environmental	Climate change and environmental heritage	Climate Risk (Physical risk and transition risk)	Climate risks (physical and transition) are risk factors for the existing categories, with specific regard to credit, operational, market and liquidity risks. Physical risk: risk of losses resulting from negative financial effects for the entity due to the present or future impact of the physical effects of environmental factors on counterparties, or the entity's invested assets Transition risk means the financial loss that an entity may incur, directly or indirectly, subsequent to the adjusting process within the shifting to an economy with low carbon emission and more environmentally sustainable. That situation may be caused, for example, by the relatively sudden adoption of climate and environmental policies, by technological progress or by any change in markets' confidence and preferences.	• Code of Ethics • Model 231 • Sustainability Governance structuring • Multi-year action plans to ensure compliance with the ECB's 13 expectations and with the 12 expectations of the Bank of Italy • Participation in the ECB stress test exercise on climate risk; • Mapping of physical and transition risks • Lending policies • Definition of decarbonization goals and trajectories in accordance with the Net Zero Banking Alliance commitments • Enrichment of the information wealth • ESG principles in remuneration policies • Energy policy • Modular and diversified ESG training in accordance with roles and responsibilities • ESG training • Development of tools and management reporting regarding climate-related and environmental risks matters • Development and marketing of products designed to assist our customers in their transition process

continues

Scope	Material topic	Risk factors detected	Risk description	Management controls and mitigation actions implemented
Environmental	Climate change and environmental heritage	Reputational risk	Present or forward-looking risk of decline in profits or capital caused by any negative perception of the Bank's image by customers, counterparties, shareholders and authorities, for example linked to possible environmental impacts.	• Energy policy • Policy for control on plants with renewable sources • Development of products and services with environmental purposes • Environmental Management System (EMS) In accordance with the ISO 14001:2015 standard currently being adopted on a voluntary basis
		Credit risk	Credit risk in financing activities that feature environmental issues resulting from failure to assess material environmental aspects for the specific sector in measuring creditworthiness.	• Lending policies • Risk Strategy • Code of Ethics • ESG file with diagnostic assessment of potential counterparty risk of a physical/climate-related/ environmental nature • CERVED Rating Agency questionnaire or ESG-based questionnaire focusing on the Social (S) scope

INTEGRATION OF ESG PARAMETERS IN LENDING POLICIES AND IN THE DEVELOPMENT OF NEW PRODUCTS

Lending is one of the main tools whereby the bank contributes to generating a positive social and economic impact, both directly through financial inclusion and support to development and to virtuous entrepreneurial undertakings, and indirectly supporting a fair and sustainable transition of the Country's social and economic fabric.

The process to define and update its lending policies, also from a risk management standpoint, is carried out every year and involves the Credit Department, the Risk Management and Permanent Controls Department, the Commercial Channels Departments and the Compliance Department.

Specifically, the Credit Department is responsible for monitoring the yearly update and regularly reports to the Board of Directors and to the Executive Committee. After completing the process, the policies are submitted for examination and approval to the Boards of Directors of the Bank. On the other hand, the Commercial Banking Departments are responsible for segmenting customers into the classes defined in the Lending Policy and for applying the respective strategy to each class.

In the ESG scope, the Group's lending policies first identify the sectors that are classified as featuring high social-economic risk, for which caution strategies are set, and the sectors offering significant development opportunities for both the Bank and the communities, which are conversely addressed following specific expansionary policies.

New lending transactions are indeed assessed and originated based on only on customer credit rating, but also **taking into account the climate-related and environmental risks, as well as of the Bank's mission to assist its customers in their energy and ecological transition, also through financial support.** Special attention is given to "sectors under surveillance" for which the social and economic impacts are assessed, and to "risky" sectors, featuring high consumption of landscape and not regulated, which include the real estate, hotel and construction sectors. As regards these sectors, the lending policies are restrictive and require compliance with limits that are defined on a yearly basis in the risk strategy.

In 2023, some of the changes made were the extension of the perimeter of sectors to be given special attention adding guidelines for the Oil & Gas Sector and the validation of the instructions already in force for lending to counterparties operating in the mining and iron and steel sectors, in the sector of energy produced from steam cola and in the non-conventional hydrocarbons sector.

In the sectors featuring "attractive" economic activity, the Group implements specific policies supplementing lending ones and aimed at governing business operations in given scopes and at setting directions on compliance with the applicable legislation.

Specific policies are in force concerning the agri-food sector, in accordance with the "Agriculture Project", and the internationalization of enterprises featuring strong focus on exports and a significant portion of their revenues from international business.

Having regard social parameters, the risk strategy also sets out specific directions regarding the origination of mortgage loans to Customers belonging to the weakest groups in socio-economic terms, including young couples, single parents and people with atypical work contracts, secured by the Guarantee Funds set up by the Italian Ministry for the Economy and Finance.

In investment services, on the provision of advice, a new control has been implemented on portfolio sustainability. That procedure applies to customers that have expressed sustainability preferences in their Markets in Financial Instruments Directive (MiFID) questionnaire.

Concomitantly, an **ESG rating** was implemented, which is given by an external Provider that assigns a **sustainability score** to the products on the catalogue.

Every new product or service is developed assessing, on a preliminary basis, all risks, including social and environmental ones, starting from its conception and design, and is approved by a specific Managerial Committee (NAP) that is responsible for validating all new solutions to be proposed to the market.

The processes for developing and changing products, both already on the market and new ones, follow an authorization procedure set out in the Policy for approval of new activities and new products, which complies both with the IDD, MIFID II, Product Oversight Governance (POG), Fight against Corruption and with the Bank of Italy Provisions on Transparency. **The policy ensures that all banking, insurance and financial products offered are consistent with the objectives of the provided service and with the characteristics of the target Customers** through assessments that take into account customers, the go-live of new channels, distribution methods and the "risk profiles", in compliance with the principles of protection of customers' interests, also as regards the quality of the information given. Products and services are monitored periodically and subsequently reported in order to verify that the product remain consistent with the needs, characteristics and objectives of the identified target market and that the set distribution strategy continues to be appropriate. This process also covers ESG loans and, more in general, loans with sustainability features, in order to ensure also proper processing of external communications.

It is pointed out that the internal normative instruments concerning advertising communications has been supplemented in order to **mitigate greenwashing. risk** Guidelines have been prepared in order to identify the main reference standards and the latest stances regarding green claims, advertising, financial and non-financial communications and loans that have ESG features. Those guidelines also implement the requests made by the Parent Company Crédit Agricole S.A. concerning proper use of the ESG terminology.

The Group ensures that all the employees involved in the process for the design, development and/or distribution of Products have the required knowledge and skills to understand the related features and risks, as well as the needs, features and goals of the target market of customers of the Group.

OPERATIONS IN THE DEFENCE SECTOR AND PREVENTION OF MONEY LAUNDERING RISK

Fully aware of the sensitivity of the matters in these scopes and without prejudice to full compliance with the applicable national and international legislation, the Group has adopted an internal policy that is consistent with Credit Agricole S.A.'s core values and that lays down the assessment criteria to be followed in providing its financial services to customers engaged in import/export activities associated with the defence sector.

Operating properly and fairly means:

- Full compliance with the applicable national and international legislation and regulations;
- Constant commitment to controlling the risks that may result therefrom in terms of potential involvement in illegal or criminal activities;
- Bearing always in mind the close connection with protection of human rights.

The policy adopted by the Crédit Agricole Italia Banking Group for this sector first and foremost rules out the origination of any type of loan and the provision of services to counterparties that are involved in the manufacturing, storage or sale of anti-personnel mines and cluster bombs, as it rules out any credit facility intended for the financing of international trade of nuclear, biological or chemical weapons or other weapons of mass destruction. To a residual extent, the Group admits only the provision of support to the international trade of defence systems that do not belong to the categories mentioned above, in any case based on transaction assessment criteria that take into account both the nature of the counterparties involved and the characteristics of the Country of destination, without prejudice to the verification of the required authorizations, where the case.

Furthermore, the policy governs the management of ministerial authorizations that ensure compliance of the transactions with Italy's foreign and defence policy, in full abidance by the relevant constitutional principles.

Number of applications		2023	2022	2021
Favourable	No.	504	377	329
Not favourable	No.	0	6	8
Out-of-scope	No.	82	17	0
Value of favourable transactions	(€Mln)	156	78.51	122.25
Area (favourable only)				
Europe	%	53.77	60.38	63
Asia and Oceania	%	11.90	16.91	24.54
Africa	%	0.60	17.46	9.89
North America	%	33.33	5.25	2.37
South America	%	0.40	0	0.20

This scope also includes the control aimed at preventing any failure to comply with anti-money-laundering obligations laid down by the applicable legislation and at preventing any involvement, also unaware, in money-laundering and terrorism financing cases. The guidelines adopted by the Group require compliance with the principles listed below:

- Customer Due Diligence: i.e. Identification of the customer and, in case of legal persons,of their beneficial owners, and acquisition of the constant updates of the evidence regarding customers;
- Traceability and constant monitoring of customers and storing the information, in order to analyse any anomalies or behaviours that deserve further assessment;
- Active cooperation: reporting of any suspicious transactions under Article 35 D. lgs. 231/07 as amended and supplemented and – where necessary – submission of any information requested by the Supervisory Authorities;
- Risk-based approach: money laundering risk assessment and implementation of the monitoring and prevention tools that, based on the specific circumstances and cases, are the most effective to prevent the risk.

Having again regard to anti-money-laundering, worth mentioning is the Bank of Italy's order issued on 1 August 2023 amending its "Provisions on organisation, procedures and internal controls aimed at preventing the use of financial intermediaries for the purpose of money laundering and terrorism financing", which requires intermediaries to appoint a member of the management body as the officer in charge of AML. The Officer shall, on the one hand, ensure that the whole Board is more aware of the money-laundering risks which the intermediary is exposed to, and, on the other hand, shall give the necessary directions to the corporate structures involved in managing this risk.

The process to manage ALM obligations is very important in the Group's business operations, considering the requirements in terms of management and governance of non-compliance and reputational risks, as any failure to meet those obligations may entail criminal penalties and/or fines.

Therefore, the organizational and procedural measures adopted by the Group aim at ensuring full compliance with the AML obligations laid down by the applicable legislation and regulations in order to mitigate non-compliance risk and reputational risk.

Customer Due diligence obligations are fulfilled through a specific questionnaire (the Due Diligence questionnaire) and through specific tools, and are proportional to the size of money-laundering and terrorism financing risks and of the risk of financing programmes for the proliferation of weapons of mass destruction, associated with the type of customer, ongoing relationship and/or transaction.

The due diligence obligations are proportional to the Customer risk level and are based on:

a) Identification of the customer and its representative making the transaction;
b) Identification, where the case, of the beneficial owner and identity verification;
c) Acquisition of information on the purposes and expected nature of the ongoing relationship;
d) Constant control throughout the ongoing relationship.

TAX TRANSPARENCY

The Crédit Agricole Italia Banking Group does not operate through subsidiaries in any tax jurisdiction other than the Italian one.

Its approach to taxation is based on full compliance with the applicable tax legislation, both as regards its own taxes and its role as a withholding agent, in compliance with the core principles of its Code of Ethics and, considering the extension or the risk control model under D. Lgsl. n. 231/2001 to some tax offences. Furthermore, it is compliant with the supervisory provisions for banks.

The Group has and has always had an approach ensuring the utmost cooperation with the Italian Tax Authorities.

In organizational terms, two specialist controls have been identified concerning taxes and applicable to the Bank and its Customers, as well as employee withholding taxes, and a reference model that sets out the roles and responsibilities of all structures involved in compliance with the tax and fiscal legislation.

The structures involved assess, on a preliminary basis, compliance with the tax legislation of new products/services, innovative projects and new transactions, whereas the structures engaged in specialist functions monitor the developments in the tax legislation, prepare targeted alerts and reporting and provide the other corporate structures with advice and assistance. They may also propose any organizational and procedural changes in order to ensure appropriate control of tax risks, involving, where necessary, other corporate structures.

Anti-competitive behavior, including anti-trust and monopoly practices (206-1)		2023	2022	2021
Legal actions pending during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.	No.	0	0	1
Legal actions completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.	No.	0	2*	0

* Measures of the Italian Competition Authority (instant credit transfers + transfer of tax credits):the former closed with a penalty, the latter closed with no further actions.

Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations ** (2-27)		2023	2022	2021
Of which for bank transparency	€	0	0	0
	No.	0	0	0
Of which for administrative delay	€	2,445	1,210	3,343.32
	No.	3	2	2*
Of which tax penalties	€	90,394	82,521	67,453
	No.	171	89	148

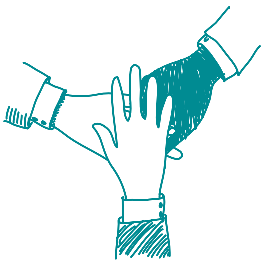
* Penalties imposed by the Italian Ministry of the Economy and Finance for late submission of reports regarding banknotes suspected to be forged.

** The perimeter of tax penalties was extended to include also tax penalties regarding personnel management.

MANAGEMENT OF SUPPLIERS

The Crédit Agricole Italia Banking Group has adopted a **holistic approach to sustainability, which extends throughout the whole value chain of its commercial operations** This means that not only is the Group committed to meeting its customers' needs with innovative solutions to support people and local businesses, but it also actively engages in **generating value for the communities and regions it operates in through the management of its procurement chain.**

To perform its operations the Crédit Agricole Italia Banking Group buys various categories of products, services and works on the market.



In 2023 the total value of supplies, meaning orders and contracts issued in the year, amounted to Euro 535,629,709, increasing by 4.2% vs. 2022. One of the most material categories is that of IT services required to go on with the processes for the digital innovation of the Bank.
Most supplies, **approximately 90% in terms of value, are procured from suppliers based in Italy,** and in particular in Emilia-Romagna, Lombardy and Lazio. Thus, the Group does not simply meet its Customers' needs with a range of innovative solutions supporting people and the local enterprise fabric, but it is also engaged in promoting value for the communities and regions it operates in through its supply chain.

Procurement activities are performed in accordance with the Purchasing Policy, which is informed by the fairness, equity and transparency principles contained in the Code of Ethics and by the applicable legislation and internal regulations.

Procurement processes concerning all Customer/Supplier business relationships are managed centrally at the Group level, with responsibilities that are divided between, on the one hand, relationships with suppliers and, on the other hand, negotiations and contracting out the supplies.

Procurement value and location (204-1)		2023	2022	2021
Total value of supplies	€	535,601,260	513,444,508	422,287,596
Of which foreign suppliers	€	59,748,024	55,143,888	42,220,027
	%	11.15	11.00	10.00
Of which Italian suppliers	€	475,853,236	458,300,620	380,067,569
	%	88.85	89.00	90.00
Lazio	€	93,762,990	85,229,008	60,745,344
Emilia-Romagna*	€	111,423,708	106,139,943	91,006,111
Lombardy	€	186,680,389	191,895,938	155,374,127
Friuli-Venezia Giulia**	€	8,004,883	7,678,779	21,052,348
Veneto	€	7,787,009	6,781,285	8,803,598
Tuscany	€	9,196,761	9,376,955	9,324,939
Liguria	€	21,990,947	17,737,300	12,594,553
Campania	€	4,063,869	3,000,921	3,187,414
Piedmont	€	17,249,849	15,161,933	10,165,902
Puglia	€	2,036,532	2,315,711	1,591,397
Marche	€	3,522,920	4,046,967	2,328,012
Abruzzo	€	4,265,116	2,916,005	2,714,785
Trentino-Alto Adige/Südtirol	€	779,754	399,027	86,676
Umbria	€	771,049	627,706	535,999
Other Regions	€	4,317,459	4,993,143	3,948,361

Data for 2022 net of former-Credito Valtellinese for the first 4 months.
* Of which € 3,585,000 intra-group
** Of which € 102,000 intra-group.
The 2021 data have been adjusted subsequent to the fine-tuning of the calculation. The 2022 performance figures are not comparable to 2021 ones as, from the merger date, i.e. May 2022, the data for 2022 include the contribution of the merged entity Credito Valtellinese.

SELECTION AND CONTROL CRITERIA

The Group has implemented a Purchase Management portal and all those that apply for becoming suppliers of the Group can access it after accepting the information to data subjects and the privacy policy, and after examining the Code of Ethics. In accordance with the specific supply relationship, the quality of suppliers is assessed by surveying and monitoring their Technical/Administrative – Profit&Loss/Financial and Legal/Judicial position.

As at 31 December 2023 the Group's register contained 4,774 suppliers, 556 of which were entered in the register in 2023.

The supply contracts are awarded based on objective and transparent procedures that reward the Supplier's merit, organizational strength,and sustainability, as well as efficiency in terms of the best quality to price ratio. **Special attention is given to preventing any conflicts of interest and to the orientation to social and environmental sustainability criteria of the suppliers and the supplies themselves.**

As regards data security and integrity and business continuity connected to outsourced IT services, the Group has aligned its criteria for the selection of suppliers to the instructions given by the Bank of Italy, as well as to the EBA Guidelines and has updated its outsourcing policy.

Like in the relations with all the other stakeholders, **the ultimate goals is to build and maintain over time relations based on trust.**

INTERACTION OF ESG FACTORS IN MANAGING THE SUPPLY CHAIN

Being mindful of social and environmental impacts associated with the supply chain has led to steer and manage procurement also towards larger and larger consideration and enhancement of ESG variables.

In this regard, over time the management model has integrated some key components, starting from the system certification in accordance with the ISO 20400 international standard. The standard governs sustainable procurement focusing on mapping the risks in the supply chain; raising the suppliers' awareness and involving them, besides the use of the social and environmental impact analysis throughout the entire lifecycle of the product.

Pursuing continuous improvement, the Group designed an action plan to be deployed throughout 2023, aimed at completing several new projects and initiatives, which can be classified in accordance with the scopes given below:

Communication and Stakeholder Engagement

- "Partner News" newsletter: publication of regular updates giving information to the Group's suppliers, which provides them with a channel to find out about the Group's initiatives concerning sustainability, as well as its values, strategies and commitment to innovation. The newsletter is also a tool to convey important news and messages that may be interesting for the Supply Chain.
- Creation of a specific section for sustainability initiatives on the Procurement Portal and on the Company intranet, in order to strengthen the awareness of the Group's personnel and partners and to foster knowledge of the Bank's values and commitment by its external Stakeholders.

Training

- The "Sustainable Procurement" training programme has been renewed and it is designed for ESG upskilling and awareness raising of those that are engaged in selecting and managing suppliers and to facilitate higher and higher integration of ESG criteria in the existing processes.
- In 2023 a pilot training programme went live concerning the management of the lifecycle of products and services being purchased, which is important to support the understanding of the methods for the transition to a circular economy paradigm.

Management of sustainability risk

- Risk mapping: in 2023 the Procurement ESG Risk mapping was developed, i.e. the mapping of sustainability risks associated with the products and services being purchased (type categories), which is necessary to identify the scopes showing higher risk and, therefore, are actions priorities for the Group.

Furthermore, in October 2023 the the fifth survey on the Group's Suppliers was conducted, which, besides assessing the knowledge they have of the Bank and of its values, collected information on the satisfaction of our Partners with the Group and ton how they perceive the Group in the ESG scope. These surveys are part of the Stakeholder Engagement activities and **their purpose is to strengthen the relationship with our Suppliers and to give attention to their needs, pursuing continuous improvement, as well as to raise our Partners' awareness about topics that are material for the environment and society, promoting the transition to a sustainable community.**

This is also the scope of the project to promote the Ecovadis sustainability rating with our suppliers. The suppliers that choose to obtain the rating are measured on a set of topics and related parameters, which are regularly updated, and receive the certification of the obtained result on four levels from platinum to bronze.

For the Group, having the certification is held as a rewarding factor and ensures additional points in tendering procedures. **In 2023 the portion of ordered products and services contracted out to suppliers having the EcoVadis certification was 76%** (75% in 2022).

Furthermore, in October 2023, the third awareness raising campaign started, involving 122 suppliers.

Selection and qualification of suppliers (414-1; 308-1)	2023	2022	2021
Suppliers on the register with at least one certified HSEQ system"	24%	26%	30%
of which ISO 9001-certified	68%	67%	78%
of which ISO 14001-certified	29%	26%	28%
Of which compliant with SA 8000***	11%	10%	8%
Of which OHSAS 18001-certified***	14%	14%	16%
of which ECOVADIS-certified***	27%	31%	22%
Suppliers entered in the register in 2023 having at least a certified HSEQ system**	9%	21%	2%
of which ISO 9001-certified	78%	81%	75%
of which ISO 14001-certified	35%	33%	26%
Of which compliant with SA 8000***	6%	8%	3%
Of which OHSAS 18001-certified***	16%	10%	11%
of which ECOVADIS-certified***	22%	21%	8%

* Total number of suppliers on the register in 2023: 4774 of which 1125 (24%) with at least one certified HSEQ system. The "of which" sub. items of the % of certified suppliers refers to all the suppliers on the register with at least one certified HSEQ system.

** Total number of new suppliers entered in the register in 2023: 556 of which 51 (9%) with at least one certified HSEQ system. The "of which" sub-items of the % of certified suppliers refers to all the suppliers on the register with at least one certified HSEQ system.

*** In 2021 this concerned areas not surveyed as regards the selection of Credito Valtellinese suppliers.

FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION

The Group promotes a **"zero tolerance" policy as regards any conduct contrary to its principles of ethics and of transparent and responsible conduct in business and potentially related to corruption risk**

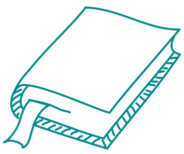
To this end, it set up, strengthened and keeps up to date a solid system for the prevention, mitigation and management of risks of corruption, both active and passive. The system implements the guidelines given by D. Lgs. 231/01 and the rules and guidelines issued by Crédit Agricole S.A. regarding the application of the "Loi Sapin II" French law.

The Policy on prevention of bribery and corruption risk, in force since 2019, sets out the guidelines, roles and responsibilities involved in the Anti-Bribery and Anti-Corruption Programme governance and in the organization of the arrangement to prevent bribery and corruption risks. The policy, which is reviewed and approved by the Board of Directors, has been updated to ensure its alignment to the applicable legislation and regulations and to the Group's guidelines, as well as to make it consistent with the evolution in the organizational and operational context.

The Fight against Corruption framework provides mainly for:

- Definition of specific governance including the Anti-corruption Officer role, who is responsible for coordinating the implementation of the anti-corruption framework.
- Dissemination of accurate information to all personnel through internal regulations, mandatory training and specific rules of conducts for anti-bribery and anti-corruption purposes.
- Implementation of a specific assessment of the exposure of the processes to corruption risks through specific mapping to be updated yearly and submitted for approval to the Board of Directors;.
- The framework structuring into 8 specific pillars, which are its primary architecture:
  - Code of conduct;
  - Training:;
  - Assessment of third parties;
  - Whistleblowing arrangement;
  - Accounting controls;
  - Internal controls;
  - Corrective actions;
  - Disciplinary regime

As regards Anti-Bribery and Anti-Corruption, the Banking Group obtained the certification of its risk prevention framework with the issue of the **ISO 37001 international standard certificate** after an assessment performed in 2019 and renewed in 2022 by EuroCompliance, a specialist independent certifier firm.



The "zero tolerance" approach is notified to each employee through the Code of Ethics and the Code of Conduct and is intended as a distinctive element and a message to customers conveying transparency. It is also strengthened with awareness raising actions and dissemination of a specific culture aimed at the prevention of and fight against corruption risk which were deployed also in 2023.

Specifically, in December, on the International Anti-Corruption Day, a message was sent to all personnel by the Deputy General Manager in charge of Risks and Compliance and by the Chief Compliance Officer, who is also the Anti-Corruption Officer, whereby **it was reasserted the Bank's commitment to fighting corruption for its own protection and for the protection of its customers , and consistently with the values of Crédit Agricole Italia.**

In 2023, no potential corruption cases occurred and, therefore, no specific action had to be taken.

Training on anti-bribery and anti-corruption policies and procedures (205-2)		2023	2022	2021
Scope				
MiFID training	Hours	243,638	226,692	218,485
Anti-money-laundering (AML)	Hours	5,063	12,569	8,786
Training on 231	Hours	4,557	5,312	8,179
Category				
Senior managers	Number of at-tended sessions	169	217	622
Junior Managers	Number of at-tended sessions	8,029	11,294	100,827
Professional area (job level)	Number of at-tended sessions	11,239	14,065	110,027
Senior managers trained	No.	98	105	62
	%	68	72	40
Junior managers trained	No.	4,426	5,248	4,536
	%	82	96	78
Professional area (job level) trained	No.	5,619	6,318	5,516
	%	83	92	77
By geographical area by total employees				
Northwest Italy	No.	4,266	16,964	5,055
Northeast Italy	No.	5,090	2,598	2,032
Central Italy	No.	1,823	3,595	1,600
Southern Italy and Islands	No.	1,140	2,408	1,019

* The number refers to trained people
* The number refers to participants

05
SOCIAL ASPECTS

INNOVATION OF AND ACCESSIBILITY TO FINANCIAL PRODUCTS AND SERVICES

LENDING FOR SUSTAINABLE DEVELOPMENT

SUPPORT TO THE AGRI-FOOD SECTOR

BANK AND REGIONS

The diverse range of services provided by the GBCAI, of its business areas and of its stakeholders determines a wide array of social aspects and of related impacts associated with its operations.

The main topics belonging to the social scope predominantly regard the banking model innovation, which includes digital transformation and accessibility to the service and product solutions, the use of lending as a major driver to promote the sustainable development of the social and economic fabric, support to entrepreneurship and especially to the agri-food sector, traditionally linked to the Group's banking business, and attention to the regions where it operates, as the legacy of the regional roots of the entities that over time were consolidated in a single large international Group.

This is the context of the coverage model based on the Regional Committees, which liaise with the regions and developing and strengthening the relationships with the local stakeholders, through several initiatives and projects aimed at generating economic and social value in the communities where the banks merged into the Group used to operate.

INNOVATION OF AND ACCESSIBILITY TO FINANCIAL PRODUCTS AND SERVICES

DIGITALIZATION OF PRODUCTS AND COMMERCIAL PROCESSES AND RELATION WITH CUSTOMERS

Innovation is process across all the Bank's operations, informs and support both continuous improvement in internal processes and the evolution in products and services.

Having regard to evolution of products and services, **in 2023 an important plan for the evolution of digital channels was completed.** The App Mobile and Home Banking channels were updated and posted increasing use: 82.3% of customers uses digital services and 60.3% of the customer base is active online, increasing by 4.2% and 4.8% respectively vs. 2022.

Digital transformation is based on close listening to Customers, through reviews on the App stores, specific surveys and instant feedback and constant involvements of the Network as an active party in defining the directions for the development of the channels. Specifically, the selling processes were enriched with the extension of the products and services that can be accessed by customers in a self-mode and remotely, with the support given by the network and by the customer service, extending the remote signing portal to the entire catalogue and implementing simulators to increase interaction and facilitate customers in finding out the available services. The evolution of Easy Business (Digital lending) included the extension to a wider customer perimeter of the function enabling to apply for and receive short-term loans in a user-friendly and digital manner from the SME Home Banking. The after-sale service was strengthened with new functions supporting customers in making self-mode transactions and innovation elements were implemented to meet customers' daily needs , which also contributed to improving the user experience by streamlining the processes and the interface and the experience alignment between the App and Home Banking channels. At the same time, the automation of processes pursuing **efficiency enhancement and more dedication to the relationship with customers**

The service innovation processes went alongside a change management programme, which involved crosswise several corporate structures and in particular the sale network: **over 350 personnel members, the Digital Ambassadors, contributed, together with the top management, to the design of the solutions and to the dissemination throughout the regions of the acquired knowledge of digital tools.**

The Bank has developed specific platforms to facilitate the digitalization of businesses, which enable access to a wide range of products and services. The digital platform that enables the use of Supply Chain Finance range enables the supply chain lead enterprise and the suppliers to optimize the working capital and to simplify processes thanks to its integration with the firms' enterprise management systems and the supply chain lead enterprise to assess the ESG positioning of each one its suppliers, promoting, with the support given by the bank, its sustainability performances. The Foreign Exchange platform is a new digital feature that goes alongside the traditional one and enables to meet the need for spot h24 trading. Again for the purpose of streamlining processes, the digital signature enables the exchange of collection and payment flows through specific transmission channels (SFTP-Secure File Transfer Protocol).

Digital innovation also involved tools at the service of customers operating in the agri-food sector, namely a tailor-made Home Banking platform and the go-live of the Agriadvisor Lite application, integrated in the Home Banking and App, whereby the farm's business situation can be managed.

Innovation concerned also the Bank's model, in terms of better management of activities. **Having regard to commercial proposition to corporations, a central ESG desk was set up within the Corporate Banking Department, which oversees and coordinates sustainability matters thanks to its specialist staff.** In order to engage the Network personnel and to disseminate our internal culture at all levels, internal and external ESG webinars were held to give the personnel all information and knowledge on our range of ESG products. ESG training programmes also started, having different depths, focusing especially on Structured Finance Specialists and Sales Managers.

The new service model designed for the agri-food sector was firmly established with the fine-tuning of the training process for this segment and the strengthening of targeted commercial tools. The Agri-Food Business Unit was even further improved with supply chain experts and specialist developers put on staff. Furthermore, the advisory network in the regions was strengthened with the appointment of Agri Account Managers in the Retail banking channel and Food Sector Bankers in the Corporate Banking channel. The «Agri» Small Business Centers are in operation focusing on the agricultural and agri-food sectors.

CYBERSECURITY AND DATA PROTECTION

The continuous and fast evolution in the digitalization scenario, along with the exceptional situation, caused an increase in cyber risk, especially with a considerable increase in more and more sophisticated cyberattacks, Social Engineering on employees and customers and on Supply Chains, exploiting vulnerabilities and wrong configurations in information systems.

The IT evolution strategy, which includes the cyber risk mitigation actions, is intended to meet the challenges posed by the scenario and by the strategic objectives laid down by the Medium Term Plan through three main action pillars:

- Renewal of the Information System, speeding up on components able to increase its agility, continuing with the work to make full use of business data;
- Evolving the IT Management Model, focusing on speed, quality, and security by: i) improving IT processes and tools, ii) strengthening the resources and their upskilling on new technologies and strategic assets and iii) using partnerships as a driver enabling co-investment and talent sharing;
- Going on with the work to strengthen control on ICT and IT Security risks to respond to the increase in cyber threats and to the regulatory requirements that are about to enter into force.

To implement its IT strategy, the Group has planned an investment of 240 million Euros in the 2022-2025 three-year period.

In order to mitigate Cyber risk a parallel and complementary action strategy had to be deployed on three different levels:

- Evolution of technological and organizational solutions.
- A strong campaign to increase the awareness of and educate the users of the information systems (customers and personnel), in order for them to make proper and informed use of work and personal devices.
- Upskilling on the methods to access and use the applications.

In 2023, consistently with the projects carried out in the previous years, the Security Transformation Programme continued, which features initiatives aimed at evolving, strengthening and optimizing IT security management in order to mitigate emerging risks.

Specifically, within the programme organizational and technological solutions were implemented to prevent, monitor and mitigate threats, strengthening the various IT security scopes, such as Identity & Access Management, Perimeter Security and the corporate Network security, Cybersecurity and Fraud prevention, as well as resilience processes and solution in terms of Business Continuity & Disaster Recovery.

These initiatives have proved crucial in managing threats, which have considerably grown over the last two years, both as regards financial crime scenarios and the extension resulting from the very delicate geopolitical scenario featuring the outbreak of the Israeli-Palestinian crisis, besides the ongoing Russia-Ukraine war.

CUSTOMER SATISFACTION

In 2023 Crédit Agricole Italia ranked no. 1 among Italian traditional banking players in the survey conducted by BVA Doxa, involving over 4,000 customers. The objective of the survey was to assess the Bank's attractiveness potential, measuring the recommendation level of Crédit Agricole Italia benchmarked against that of its direct competitors.

Customer satisfaction continues to be measured also inside the Banking Group continua thanks to an extensive listening programme in order to catch any suggestions for improvements and to enhance positive experiences.

One of the main channels to listen to and to measure customer satisfaction with the Group consists of the regular Customer Recommendation surveys, which are carried out by BVA-Doxa.

A sample of 50,000 customers from the Retail banking and specialist channels was involved via questionnaires sent by e-mail and by phone.

With less satisfied customers the reasons for their dissatisfaction are examined and actions are deployed to ensure continuous improvement in the customer experience. Thanks to these actions, about half of the customers that were detractors changed their opinion about the Bank, becoming promoters or neutral.

Furthermore, in 2023 a **Voice of Customer (VOC) periodic listening scheme,** went live involving all the structures of the bank that are interesting in listening to Customers through various channels. The surveys measuring our internal customers' satisfaction with services and applications also continued.

Some of the main activities carried out in 2023, whereby some operational problems could be solved, are:

- Availability and proper operation of ATMs;
- Raising customers' awareness about fraud risks;
- Shortening the time to close current accounts;
- Control on the phone call management process and reduction in missed calls at branches;
- Shortening the lead time for mortgage loan applications;
- International transactions.

The dissemination of the "Relational Model" continued consistently with the core pillars of the Group's "raison d'être", along with the ambition to build a homogeneous international Crédit Agricole brand.

Customer Satisfaction - Service Satisfaction Index*		2023	2022	2021
Retail Bnkg	CRI (0-100)	77.0	75.4	76.9
Private Banking	CRI (0-100)	80.7	79.6	80.3
Financial Advisors	CRI (0-100)	83.1	83.1	84.0
Corporate Banking	CRI (0-100)	79.5	77.6	78.7

* The data do not include the information regarding Credito Valtellinese.and report the results on the Customers in the Crédit Agricole Italia Group's old perimeter. The 2022 data do not include the new Customers that migrated from Creval to Crédit Agricole Italia in April 2022.

COMPLAINT MANAGEMENT

Complaints lodged by Customers give the Bank the opportunity to review and fine tune its operational processes, procedures and systems, thus contributing to maintaining and improving the trust relationship between the Bank and its Customers. It is crucial for the Bank to actively inform its Customers of their rights as regards complaints; to this end , the Bank makes available an information set through its commercial network and its website, which includes:

- Information on how to lodge a compliant, time to response and alternative dispute resolution methods in case the customer is not satisfied with the outcome of the lodged complaint;
- Practical guide and other documents concerning the case referral to the Banking and Financial Ombudsman;
- Guide to the Financial Dispute Arbitrator;
- Body for alternative resolution of banking disputes – Mediation procedure regulation;
- Body for alternative resolution of banking disputes – Arbitration procedure regulation; Report on complaints.

Furthermore, the Bank has an internal Policy on complaint management and the related Implementing Regulation in force.

As regards governance, complaints are managed centrally in accordance with ore-defined processes and with the related internal normative instruments, in order to ensure effective mitigation of the risks associated therewith. Complaint management is indeed a material topic, which must be handled with a wider perspective to arrive at an **approach fit to grasp and optimize the large amount of information conveyed by customers on the quality of processes, on the perception of the personnel's behaviour and on satisfaction with the services.**

The main results achieved with the new complaint management include prompt response to Customers (2023 average response time of 17 days from taking charge of the complaint) and the effectiveness in deploying corrective actions to preserve the relationship, as substantiated by the number of withdrawn complaints (438 complaints withdrawn, 12% of the total).

Furthermore, some of the main new developments achieved in 2023 are the "T3 Project", aimed at managing relational complaints, a scope in which fast response is essential, within no more than 3 days of receipt; and the go-live of "Service Recovery" a regional relational point of the Central Southern Italy Regional Department aimed at preventing customer dissatisfaction. This initiative is intended to facilitate the search for solutions to customers' problems, to improve the service level and to reduce the number of complaints and grievances in general.

In 2023 the Banking Group received a total of 3,779 complaints, a figure in line with that of 2022, of which 1,072 in Q1, 1,055 in Q2, 1,040 in Q3 and 612 in Q4. Banking complaints were 3216, financial ones were 196 (of which 53 about IBIPs), insurance ones were 144 and PSD2 were 212, plus 11 complaints regarding the leasing business (CALIT).

The fact that the number of complaints did not increase in 2023 vs. the previous year is a good result, which gives evidence of the care in managing customer satisfaction as effectively as possible.

The complaint processing time was shorter than the longest one laid down by the applicable legislation, as 47% of the complaints were processed within 10 days and, specifically, 1086 complaints were closed in less than 5 days, while 701 complaints took between 6 and 10 days to be closed.

Having regard to the outcome of the 3,779 complaints received in 2023, in 12% of the cases the complaint was withdrawn, in 26% of the cases the outcome was in favour of the customer, in 12% of the cases the outcome was partially in favour of the customer and, lastly, in 50% of the cases the outcome was not in favour of the customer.

During the year, some situations were managed associated with events such as the flood in Emilia-Romagna, impacting on the operations of our branches based in the area, or with organisational aspects, such as the portfolio reclassification of customers. Another material aspect concerning complaints received in the year was the continuous increases in interest rates by the ECB.

True to our focus on listening to our customers, great care was taken to analyze complaints accurately and thoroughly, which was substantiated in four key actions:

- Survey and understanding the reasons for complaints lodging;
- Assigning a priority level to the requests made by customers;
- Analysis of the customer sentiment;
- Mapping of “critical” elements in order to optimize products and services.

Thanks to this systematized process of analysis and verification, Crédit Agricole Italia could identify some elements on which to start optimization projects on customer relationship and for enhancing the efficiency of products and services.

If Crédit Agricole Italian gives no reply or if the reply is deemed not exhaustive, Customers may file a petition with the Banking and Financial Ombudsman (Italian acronym: ABF) or with the Financial Dispute Arbitrator (Italian acronym A.C.F.). Furthermore, Customers are entitled to lodge a complaint (Claim) with the competent Supervisory Authority (the Bank of Italy, CONSOB or IVASS) to report any misconduct perpetrated by the intermediary.

In 2023, 163 petitions were lodged with the Banking and Financial Ombudsman (Italian Arbitro Bancario e Finanziario) 16 petitions were filed with the Financial Dispute Arbitrator and 376 claims were filed with the Bank of Italy and IVASS.

After these activities, the Bank also prepares a regular report on “Complaints and Grievances” for the main corporate structures, which summarizes the complaints and grievances received in the reference period and gives information on the average time to closure, main reasons, breakdown by region and specific highlights o the main problem scopes identified.

Complaints* (417-2)		2023	2022	2021
By type				
Credit/debit cards	No.	111	113	88
	%	2.94	2.99	2.64
Securities	No.	99	174	116
	%	2.62	4.60	3.48
Loans	No.	180	196	285
	%	4.76	5.19	8.55
Mortgage loans	No.	543	263	250
	%	14.37	6.96	7.50
Current accounts/Deposits	No.	268	284	569
	%	7.09	7.52	17.08
Insured products	No.	201	114	181
	%	5.32	3.02	5.43
Salaries/Pensions	No.	47	0	17
	%	1.24	0	0.51
Privacy (GRIn418-1)	No.	16	15	8
	%	0.42	0.40	0.24
of which filed by third parties		16	15	3
of which regional authorities		0	0	0
Other	No.	2,314	2,620	1,818
	%	61.23	69.33	54.56
Total complaints	**No.**	**3,779**	**3,779**	**3,332**
By reason				
Processing of transactions	No.	1,011	882	183
	%	26.75	23.34	5.49
Communications and information to Customers	No.	234	203	21
	%	6.19	5.37	0.63
Terms and conditions applied	No.	79	317	54
	%	2.09	8.39	1.62
Frauds and misplacement	No.	302	190	24
	%	7.99	5.03	0.72
Other	No.	2,153	2,187	1,460
	%	56.97	57.87	43.82
Total	**No.**	**3,779**	**3,779**	**3,332**

continues

Complaints* (417-2)		2023	2022	2021
Complaints that resulted in a fine or monetary penalty	No.	0	0	0
Complaints that resulted in an admonition	No.	0	0	0
Complaints for non-compliance with voluntary codes	No.	0	0	0
Total substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)	**No.**	**2**	**0**	**0**

* The number of complaints does not include disputes started by customers and by bankruptcy procedure bodies managed by the Bad Loans Service as they are not indicative of the quality of the service provided.

Incidents of non-compliance complained against the organization through national and international litigation settlement systems (GRI 2-27)		2023	2022	2021
Total incidents	**No.**	**69**	**62**	**55**
Of which negotiation	No.	3	4	7
Of which mediation	No.	65	56	45
of which arbitration	No.	1	2	3

Litigation with Customers (2-27)		2023	2022	2021
Litigation with Customers	No.	1,376	1,133	1,382
Monetary value of litigation with Customers	€	379,659,632	256,668,609	312,484,825
Bankruptcy litigation	No.	35	31	50
Monetary value of bankruptcy litigation	€	478,452,115	22,269,892	34,971,307

LENDING FOR SUSTAINABLE DEVELOPMENT

DEVELOPMENT OF PRODUCTS AND SERVICES DESIGNED TO DELIVER SPECIFIC SOCIAL BENEFITS

In defining products and services designed to deliver specific social benefits, the Bank works to give tangible response to society's interests and to promote local development and the development of Italy as a whole. It does that through a set of diversified solutions designed to meet its stakeholders' needs and requirements. Examples of products designed to deliver a specific social benefit are:

- **"Weather emergency",** the funds earmarked for the people living in the areas hit by natural disasters, with credit lines at subsidized conditions, to foster immediate resumption of productive activities and to provide entrepreneurs with the necessary liquidity. Along with this initiative, individuals were offered Agos loans at a subsidized interest rate;
- **Financial support to young people during their education and up to their first job..** School loans at a subsidized rate intended to support students in purchasing IT equipment. Financing Education" is a student loans in cooperation with partner Universities dedicated to deserving university students to pay all their tuition fees with special focus on foreign students who need banking solutions upon their arrival in Italy to receive the scholarships awarded by Universities. Furthermore, the Bank has renewed its agreements with the Universities of Parma, Brescia and Florence and with the local public transport companies to facilitate access to season tickets;
- **The "IniziaConCalma" flexibility option,** exercising which the Customers start to pay the mortgage loan instalments up to 12 months after the contract signing;
- **The range of products and services reserved to people under 36 years old,** enabling young people to obtain a home loan for up to 100% of the property value, backed by the Fondo Prima Casa, guarantee and to enjoy the tax benefits laid down by Italian Support Decree-bis (Decree Law No. 73 of 25 May 2021).

The Bank supports the Third Sector through the Etica Project, which provides for specific guidelines to facilitate and subsidize loan applications submitted by customers and a range of banking products designed for Third Sector Organizations, their employees, members and volunteers. The bank proposes a range of products at subsidized conditions for Third Sector Organizations,amateur sport associations and religious institutions in order to support them in their day-to-day operations and in raising funds, and to contribute to the digitalization of the Third Sector.

CAI also proposes non-financial products to its customers, such as "Value Services" , in cooperation with specialist partners. Amongst these, worth mentioning are the solutions to improve corporate welfare, thanks to the cooperation with Corporate Benefits Italia, and assistance to customers in obtaining and maintaining the Benefit Corporation (B-Corp) certification, thanks to the partnership with InVento Innovation Lab.

EXTENSION OF THE BANK'S ACTION PERIMETER

Crédit Agricole Italia provides enterprises with solutions useful in implementing strategic projects, in structuring transactions to set a stronger financial structure and in evolving the business. In 2023 several initiatives were started in cooperation with some local and national partners.

- Origination of new loans backed by the Central Guarantee Fund;
- The subscription to SACE SupportItalia Guarantee, an extraordinary measure provided for by the Aid Decree to support enterprises experiencing difficulties due to the economic effects caused by the war against Ukraine and by the increase in energy prices;
- The subscription to SACE Green Guarantee, a market guarantee intended to support all Italian enterprises, irrespective of their sizes, that want to finance their investment projects for the climate transition;
- Through a business model with a diverse approach and a cross-channel commercial team, we can assist enterprises in the various missions under Italy's Recovery and Resilience Plan and in the main subsidized loan initiatives at a regional level, thanks also to the advisory services provided by its partner Warrant Hub;
- The purchase of construction works tax credits for energy efficiency upgrading and improvement of seismic resilience of buildings (Superbonus, Sismabonus, Ecobonus and other tax bonuses for construction works), thanks to a team led by a specialist in each Corporate banking Area, which monitors the progress in the commitments signed with customers and cooperates with the bankers to provide enterprises with operational support;
- The use of tools and agreements with financial institutions to develop products and to facilitate access to credit by SMEs, such as:
- Agreement with EIB (the European Investment Bank), which makes available to enterprises that intend to make new investments and need working capital;
- Capital equipment loans, which increase the competitiveness of the productive system and facilitates access to credit by enterprises through the purchase of capital equipment and new investments.

It is a leading player in the LBO market and has boosted investments setting up 2 new Private Equity funds: the APEI Fund of 100 million Euros to support enterprises operating in diverse sectors, acquiring minority equity investments, and the Ambition Agri Agro Investissement Fund, of 300 million Euros to acquire minority equity investments in French and Italian companies operating in the agri-food sector and engaged in meeting the challenges of agricultural and agri-food transition.

The ITACA (ITAlian Corporate Ambition) Project, developed in synergy with CACIB, provides Mid-Corporate customers with products designed to assist them in their growth.

Support to exports also continued to be provided to enterprises that want to enter foreign markets thanks to the advisory services provided by the International Desk, which, through its network, can analyze opportunities and advantages for foreign firms in Italy and for Italian firms abroad. The cooperation with Altios, makes a set of solutions available to all Customer enterprises designed to support their international development.

Participation in the "Meet the Champions" initiative, consisting in on-the-road meetings with the enterprises that performed best in the year, contributed to making Italian excellences known and to discussing topics of economic and national interest.

LE VILLAGE PROJECT

The network of "Les Villages by CA" started in **Paris in 2014** and, in but few years, has become one of the largest innovation ecosystems in Europe.

The Group continued to focus on the regions it operates in and on innovation opening other Les Village hubs at the headquarters of its Regional Banks, many of which specialize in the economic sectors that are the most important ones for the specific region (such as agri-food, winegrowing and wine making, pharmaceutical, sea economy, etc.). **Since 2018 the network has been established also in Italy, with the Le Village by CA Milano, followed by the ones opened in 2020 in Parma, in 2022 in Padua and in February 2024 in Sondrio.** Besides Crédit Agricole Italia, the Le Village project involves the other entities of the Group, as well as important local stakeholders, such as Universities.

At present, the ecosystem consists of 44 active Les Villages based in France, Italy and Luxembourg, has over 770 resident startups and 760 partners. Having regard to Italy, in 2023 the ecosystem involved over 150 startups, more than 70 partner firms and over 120 enablers being Universities, Research Centers and Institutions. These figures regarding the Les Villages that were in operations in 2023 enabled over 400 events to be held and the closing of 10 business agreements between accelerated startups and partner firms.

44
Le Village

770
Startups

760
Partners

Crédit Agricole Italia intends to further enhance the innovation ecosystem opening new Les Villages in Italy. Each opening of a Le Village by CA involves startups, firms , entrepreneurs and investors based in the area, thus creating a **one-of-a-kind ecosystem able to generate important synergies and opportunities for the participants and for the Group.**

Retail Individuals products designed to a deliver a specific social benefit (G4 - FS7)		2023
1) Home loans - use of the "IniziaConCalma" option	No.	2,781
	€	368,849,831
2) Mutuo Giovani (mortgage loans for people under 36 with LTV>80% and access to the First Residence Guarantee Fund)	No.	4,526
	€	535,029,481
3) Loans Earmarked funds for catastrophe events	No.	3
	€	27,434
4) Loans Amount allocated for earthquake in Central Italy	No.	24
	€	2,530,403
Total RETAIL INDIVIDUALS products designed to a deliver a specific social benefit	No.	7334
	€	906,437,148

1) The figures refer to the mortgage loans giving the "IniziaConCalma" flexibility option, exercising which the Customers start to pay the mortgage loan instalments up to 12 months after the contract signing.
2) The figures refer to mortgage loans reserved to people Under 36 years old backed Fondo Prima Casa guarantees and LTV>80%.
3) Loans with CDP funding repaid by the Customer transferring tax credits to the Bank, intended for reconstruction after calamities.
4) Loans with CDP funding repaid by the Customer transferring tax credits to the Bank, intended for reconstruction after the 2016 earthquake in Central Italy.

Corporate banking products designed to deliver a specific social benefit (G4 - FS7)		2023
1) SACE new markets	No.	46
	€	117,650,000
2) SACE Garanzia Italia	No.	62
	€	207,270,000
3) SACE Green guarantee	No.	2
	€	7,500,000
4) EIB	No.	35
	€	101,655,000
5) Anticovid 19 initiative - Emilia-Romagna	No.	13
	€	13,650,000
6) Loans for the Lombardy Region Investment Package	No.	2
	€	237,061
7) Subsidized loans under the FRIE, FpS and FRG of the Friuli Venezia Giulia Region	No.	1
	€	1,775,000
8) Loans Earmarked funds for catastrophe events	No.	1
	€	450,000
Total CORPORATE BANKING products designed to a deliver a specific social benefit	No.	162
	€	450,187,061

Retail Small Business products designed to a deliver a specific social benefit (G4 - FS7)		2023
1) Conto associazioni	No.	568
	Total loans (€)	7,329,809
	Total funding (€)	3,071,001,286
2) Conto associazioni 6-month promo	No.	685
	Total loans (€)	4,475,897
	Total funding (€)	133,949,790
3) Account for Nonprofit associations	No.	1,253
	Total loans (€)	4,505,283
	Total funding (€)	52,385,489
4) Account for Startups	No.	36
	Total loans (€)	285,257
	Total funding (€)	752,035
5) Account for Le Village resident Startups	No.	27
	Total loans (€)	767,887
	Total funding (€)	562,379
6) Fo.Mi.Ri. - Emilia-Romagna Region	No.	26
	€	1,765,000
7) Emilia Romagna Region Multipurpose - Starter Fund	No.	12
	€	347,756
8)"Resto al Sud" loans	No.	62
	€	2,087,669
9) Loans Earmarked funds for catastrophe events	No.	3
	€	34,727
10) Loans Amount allocated for earthquake in Central Italy	No.	10
	€	1,410,835
11) Loans for the Lombardy Region Investment Package	No.	1
	€	624,721
12) Digital Lending	No.	1,194
	€	19,712,556
Total RETAIL SMALL BUSINESS products designed to deliver a specific social benefit*	**No.**	**1,308**
	€	**25,983,263**

7) Originated with Bank funding.
9) Loan with CDP funding repaid by the Customer transferring tax credits to the Bank, intended for reconstruction after calamities
10) Loan with CDP funding repaid by the Customer transferring tax credits to the Bank, intended for reconstruction after the 2016 earthquake in Central Italy
* The total does not include lending and funding on accounts.

Total value of the products designed to deliver a specific social benefit (G4 - FS7)		2023
Retail products		
Total value of Retail products	€	6,047,318,877
Total value of retail products designed to deliver a specific social benefit	€	932,420,411
% value of retail products designed to deliver a specific social benefit over total retail products*	%	15.42
Corporate banking products		
Total value of Corporate Banking	€	2,544,953,018
Total value of Corporate Banking products designed to deliver a specific social benefit	€	450,187,061
% value of Corporate banking products designed to deliver a specific social benefit over total Corporate banking products**	%	17.69

* The Total Value of Retail Banking Products designed to deliver a specific social benefit includes the products listed in tables: a9 RETAIL SMALL BUSINESS products designed to deliver a specific social benefit and b) RETAIL INDIVIDUALS products designed to deliver a specific social benefit The total figure excludes only the products relating to current accounts and deposit accounts, as the calculation took into account only the value of originated loans The percentage of RETAIL products designed to deliver a specific social benefit is the ratio of the total value of products designed to deliver a specific social benefit to the total value of the products originated in the year in RETAIL banking.

** The Total Value of Corporate Banking products designed to deliver a specific social benefit includes the products listed in table . Total CORPORATE BANKING products designed to a deliver a specific social benefit The percentage of CORPORATE BANKING products designed to deliver a specific social benefit is the ratio of the total value of the products designed to deliver a specific social benefit to the total value of the products originated in CORPORATE BANKING.

SAVINGS PROTECTION

Protecting savings is a core commitment of Crédit Agricole, rooted in the Bank's principles of ethics, from integrity in pursuing its objectives, to trust as the basis on which long-standing relationships are built with customers, to transparency that informs each and every action and communication to its internal and external stakeholders, in order to enable all stakeholders to make mindful choices.

In this regard, the Bank:

- Promotes, accordance with the MiFID framework, a strong relation and constant dialogue to understand each customer's profile, goals and needs, in order to propose products and services that are fit to meet the expectations, inform the customer of the associated risks and help the customer to make weighted decisions;
- Takes constant care of the suitability and training of those that interact with customers, also as regards the rules and principles laid down by its Code of Ethics, setting sale targets and internal directives that are consistent with the principles and values it expresses.

In 2023 inflation was still high, albeit slowing down, and the relentless hikes in interest rates by Central Banks. In such a challenging scenario, the Group worked to provide solutions able to meet as much as possible the customers' changed needs.

In the year wealth management (WM or GP in Italian) new lines were rolled out intended for Private banking Customers (GP Evolution), in addition to the lines intended for Retail customers. Amongst these, worth mentioning is GP Smart Advisory, which was awarded as "2023 Product of the Year" in the financial products/services category. Having regard to advisory services, worth mentioning are the following:

- "Value Advisory", advanced analysis service aimed at providing full-range wealth management advice, through the use of ancillary modules such as generational turnover, real estate analysis and analysis of financial portfolios held with third parties;
- "VIP", advanced financial advisory service for a fee intended for Private Banking and Corporate Banking Customers needing bespoke advisory services and portfolio monitoring.

Having regard to training people and raising their awareness about savings protection, the Academy Premium and Academy Family continued to be held as done in the previous years, to prepare new account mangers for their role. The Academies have the purpose of setting and strengthening the trainees' financial bases, both technical and behavioural finance ones. In order to increase the financial literacy also of the people working in crosswise scopes, the "Finance in one bite" training pills were proposed as they address financial topics and the big trends in the investment world in a simple and focused manner.

In 2023, the Bank's service model evolved also because of the integration of the applicable legislation and regulations on ESG in the provision of advisory services (amendment to MiFID, SFDR, Taxonomy, etc.), again in order to increase the protection of investors that are more oriented towards sustainability matter and the related products.

lastly, as regards financial education initiatives intended for customers, the **"Sguardi su risparmio ed investimenti"** monthly newsletter, which covers matters of topical interest in terms of investments, needs and financial literacy, continued to be sent. **The newsletter does not contain any commercial reference to products and services of the Group, as it is intended to educate and to entice customers to seek information and to learn in order to make mindful investment choices.**

To reach out to the young people target, Millennials and Generation Z, we worked on the "In Spiccioli - Le basi dell'educazione finanziaria" podcast, a project distributed by Amundi and Crédit Agricole, designed to answer - in a concise and effective way - the questions that are frequently asked by young people approaching savings and investments for the first time: **9 episodes with over 40,000 downloads thanks to airing on the main streaming platforms and on Crédit Agricole and Will Media social media.** With a bespoke video, the podcast could reach also the target very young people being shared on Tik Tok.

SUPPORT TO THE AGRI-FOOD SECTOR

The Agri-Food Business is a strategic priority of the 2022-2025 Medium Term Plan. In 2023, several initiatives were implemented and brought up to full operation aimed at increasing Crédit Agricole Italia's market share ans positioning in that sector. To strengthen the services addressing innovation in this sector, the Agri Innovation Matching meetings on agriculture 4.0 were held to match Startups with customers and prospects, to support the renewal of the enterprises operating in the agri-food market.

UPDATING OF THE PRODUCTS FOR THE AGRI-FOOD SECTOR

The range of products and services for the Agri-Food sector has an eye on the promotion of a successful agricultural transition. In 2023, Crédit Agricole Italia developed a range of products and services supported by commercial initiatives dedicated to agricultural trade fairs, in order to ensure bespoke activities and advisory services on the most interesting segments, such as the wine, dairy, and local production ones, as well as the **development of and strengthening of local networks and partnerships to support the sector and to build innovative synergies.**

In relational terms, to support the business and supply chain itself, the cooperation agreements with the main agricultural trade associations were renewed: Coldiretti, Confagricoltura and CIA to ensure capillary operations nationwide. Furthermore, the synergy between the Bank's Retail and Corporate Banking segments was strengthened. This led to the signing of a set of confirming agreements with customers in the Agri-Food segment, through a specific programme consisting of supply chain agreements.

Yet another step along the path to agricultural transition consists in assisting agricultural enterprises in their energy transition. To this end, the "Percorsi Agri" new portal went live, which is a tool whereby interested customers can receive summary analysis reports on their enterprise positioning as regards business, corporate, social and environmental dimensions. The summary reports the strengths and room for improvement, suggesting products and partners that are fit to support the customer for a long-term strategic development

For support purposes, two specific products were marketed, Agri Blu and Agri Energia, intended to assist enterprises along their **path to sustainable growth and energy transition.** Through these products, the Group wants to be not only a financial partner but also an enabler that can **provide tangible solutions in order to deliver a real benefit for the enterprise and for the community.**

1 **Agri Blu:** A line of unsecured and mortgage loans dedicated to enterprises that have already started on a path to improvement in environmental, social and governance aspects. The loans may be used to finance renovation, purchases of machinery and facilities for business operations in the following scopes:

- Energy management;
- Irrigation and waste water management;
- Management of procurement, processing and product distribution cycles;
- Workers' health and safety.

2 **Agri Energia.** A line of unsecured and mortgage loans designed to assist Customers on their way to the energy transition. The product in intended to finance the construction, strengthen and upgrading of plants for the production of sustainable energy, such as the purchase of:

- Solar panels;
- Biogas and biomass plants;
- Wind farm and other renewable source plants (e.g. hydroelectric power plants).

Furthermore, the customers are provided with support in their energy and sustainability transitions not only with products but also with specific advisory services consisting in cooperation and centralized oversight of tenders under Italy's Recovery and Resilience Plan.

The Agri-Food structure also released a set of tools and services intended for young farmers, in order to enhance and assist the new generation of farmers. This is the reason why "Agricoltura Next Gen" was created, which is a format of convivial meetings intended for networking and discussing the agricultural transition, giving advice and tools for the very first start of the activity or effective generational turnover.

In 2023, the Group also developed a partnership project with AGRI Lab of SDA Bocconi, publishing the "Agricoltura tra Sostenibilità e Innovazione - 1° rapporto di analisi economico-finanziaria delle aziende agricole italiane" ()Agriculture between Sustainability and Innovation - the 1st report on the economic and financial analysis of Italian farms) white book. The white book shows the need for **thorough analysis of the aspects not only of production but also of economic and financial affordability in agriculture and in the agri-food sector.**

Agri-Food Focus		2023	2022	2021
Agri-Food Customers*	No.	42,604	43,172	42,616
	Loans (mln €)	6,027	5,772	5,492
	Funding (mln €)	2,217	2,061	2,073
	Indirect funding (mln €)	351	373	374
New Agri-Food Customers**	No.	2,530	2,381	2,257
	Loans (mln €)	210	280	289
	Funding (mln €)	96	-12***	130
	Indirect funding (mln €)	3	0	0

* Stock data as at December 2021 that take into account the former-Credito Valtellinese perimeter, which was reconstructed using rules and datasets of Crédit Agricole Italia.

** New Customers acquired in 2021 and growth in total assets in 2021 referring to the Crédit Agricole Italia perimeter net of former-Credito Valtellinese.

*** This figure expresses the difference between the funding stock as at December 2022 and December 2021. It is specified that funding from Agri-food Customers in 2022, with the perimeter remaining equal, remained essentially stable.

BANK AND REGIONS

ACTIVITIES OF THE REGIONAL COMMITTEES AND OF THE LE VILLAGE PROJECT

The Regional Committees are workshops where views on the regional dynamics and specificities are actively exchanged and where shared projects are conceived by and between the Bank and its main stakeholders, aimed at **supporting and fostering growth and sustainable development of the region and of its economic fabric.** This is also the scope of activity of the incubators within the Le Village by CA project, with which there is a relation on specific projects.

The cooperation arrangement with Les Villages by CA and especially with the Innovation Hubs in Milan, Parma and Padua, enables startups to grow and operates as a reference point for the enterprises based in the area with strong orientation to innovation.

The Le Village project contributes to both the search for Startups that offer innovative products or services and of high technological value, able to combine sustainability, innovation and business growth, cooperating with some of the most virtuous enterprises in the area.

In 2023, along with the long-standing Regional Committees operating in Liguria, Tuscany and Romagna, some new Regional Committees started operations, namely the ones in the Lombardy highlands, Sicily and Northeast Italy, which had been set up at the end of 2022. At the end of 2023, it was resolved have also the Campania, Regional Committee, which will be set up in H1 2024.

The members of the Regional Committees are customer entrepreneurs, who are selected in order to combine representation of geographical areas and business sectors. The members are chosen also based on considerations in terms of gender balance and new generation entrepreneurs, who have less institutional and more executive roles in their firms.

The Governance arrangement of Regional Committees provides for the participation in each meeting of a Deputy General Manager/Co-General manager, of the Heads of the Corporate banking Department, the Head of the Corporate Banking Area and of the Regional Manager. In 2023 all the Regional Committees in operations held three meetings.

THE DEVELOPMENT PROJECTS OF THE REGIONAL COMMITTEES	
Northeast Committee - set up in December 2022. It is working on the ***"The Wood Supply Chain in Northeast Italy in the ecological transition"*** project, which is based on a research report and aims at directly involving the economic fabric in the wood supply chain pursuing goals in terms of training, digitalization and internationalization in compliance with ESG principles. The initiative will be enhanced with events enabling to disseminate the study and emphasize the role of facilitator played by the Regional Committee.	**Liguria Committee** - set up in 2019. It has promoted ***Nowtilus Sea Innovation Hub,*** the first ever acceleration pathway in Liguria for startups operating in the blue economy sector, supported by partner sponsors, such as Fondazione Carispezia, Wylab, Le Village by Crédit Agricole Milano, with the contribution of the Town of La Spezia and under the patronage of the Liguria Regional Government and with the involvement of large companies based in the region. In 2023 the pathway evolved joining ***Faros***, business accelerator member of the network of accelerators promoted by Cassa Depositi e Prestiti. ***Faros***, which went live in 2022 con with its format in Taranto, is intended to support innovative startups that develop disruptive and responsible sustainable solutions in the scope of seaport innovation and Blue Economy. The project streams that will be analyzed and developed in 2024 reassert a strong interest in energy and university research.

THE DEVELOPMENT PROJECTS OF THE REGIONAL COMMITTEES

Tuscany Committee - set up in 2019

It started the ***Innesti*** project with the objective of creating synergies between the Navacchio Technology Hub, Le Village by CA Parma and enterprises that are CAI customers.

In practice, the idea was to create a vertical on the Tuscan agri-food sector and bring the enterprises into contact with the best startups that can perfect their services and/or products supporting the innovation of the enterprises participating in the project.

As Innesti is now well on its way, the Regional Committee, at its meetings scheduled for 2024, will focus on a new project on fashion, named Fashion Tech Accelerator.

The goal is to foster the growth in Florence of one of the most important innovation ecosystems in the world in the FashionTech sector.

Romagna Marche Committee - set up in 2019 as the Romagna Regional Committee and renamed in 2022.

In cooperation with Wylab and Le Village by CA Triveneto, in 2023 the Committee decided to hold a startup contest aimed at enhancing creativity and entrepreneurship of the area along the Adriatic coast, consistently with and as the evolution of the Fare Impresa Si Può project, which was developed in 2022.

Involving large companies based in the area (the Partners Club) attention will focus on ideas, projects and initiatives in their early stages and meeting the needs of the involved companies.

The project has started and the fundraising of Partner Companies is underway.

Lombardy Highlands Committee - set up in December 2022.

The Committee focused on the ***Montagna 4.0 FutureAlps,*** project, which was sponsored by the Società Economica Valtellinese (SEV) and aimed at responding to the demand for change of the mountain area by involving young people and through training actions addressing students from upper secondary schools based in the Alps area.

The initiative, which provides for the participation of stakeholders, aims at proposing a new idea of enterprise that is consistent with the development of high-quality sustainable tourism, in various form (tourism and digital, tourism and the environment, tourism and trends, tourism and community).

Considering its goals, the project is expected to have large room for synergies with Le Village by CA delle Alpi.

As the aforementioned project has started, the Committee has already begun talks with CAI SCO/ Relations with the Regions Department to identify new work scopes.

Sicily Committee - set up in October 2022

In 2023 the Committee worked on initiatives aimed at developing an innovation ecosystem in Sicily on agricultural business and energy, in view of the opening of another **Le Village by CA** in the region.

The main activities were:

- **Agri Innovation Matching** (27 Nov. 2023 - Catania), an even focusing on agriculture 4.0, with the participation of 50 enterprises, during which 4 startups from all the Les Villages in Italy presented innovative solutions in various scopes, from tracking by **filiera di Wenda** using AI, to the precision agriculture solutions by ***Finapp*** and **iFarming**, to the **Ener2crowd** crowdfunding platform.
- An **Open Innovation** pathway on the **agri-food world** similar to the Innesti format (Tuscany) and Nowtilus format (Liguria), with duration of 6-9 months and aimed at finding innovative solutions for the agri-food sector, in cooperation with Sicilian enterprises and with the main stakeholders in the region, including the Regional Government and Universities.

The **Regional Committees also step in in specific situations concerning the environmental, cultural, health-care and social scope, by managing an endowment intended for charity and donations.** In 2023, through their endowments, the Lombardy Highlands, Northeast, Liguria, Tuscany, Romagna-Marche and Sicily Regional Committees supported:

- Reforestation of the woodland area that was destroyed by the Vaia storm in 2018, in cooperation with the University of Padua;
- The long-lasting partnership with the Festival del libro Pordenonelegge;
- The Villa Beretta Rehabilitation Center, for Hi-Tech treatment for the recovery of motor skills in patients with stroke;
- Making schools safe in support of the families hit by the flood in Emilia-Romagna, in cooperation with the Faventia 3.0 Committee and the Municipality of Cesena;
- Mitigation of the housing emergency and distribution of meals in Liguria;
- The installation at the Banco Alimentare food bank headquarters of a photovoltaic plant.

CORPORATE VOLUNTEERING

The Crédit Agricole Italia Banking Group promotes a corporate volunteering programme with the goal of stimulating a **sense of belonging to the organization and to the community in its personnel, as well as of raising awareness about environmental and social matters.** In 2023 **400volunteers participated in the programme,** and engaged in activities carried in partnership with various organizations operating in Italy:

- The second corporate volunteer initiative, in cooperation with Save the Children to establish a network of relations among our employees, citizens and enterprises and to combat digital education poverty, with actions at schools and associations engaged in educational activities with the volunteers in the role of experts in specific subjects:
  - **"Digital Connections"**, for students between 12 and 14 years old. The contribution given by the volunteers consisted in making video training pills.
  - **"Punti Luce":** a network of dedicated spaces in socially vulnerable areas to provide children and teenagers between 6 and 17 years old with the opportunity to participate in training and educational activities. The volunteers contributed to a digital workshop on environmental sustainability, circular economy and ecology.

- Waste collection in cooperation with **Legambiente**, in 6 cities throughout Italy (Catania, Parma, Milan, Sondrio, Naples and Rome). Thanks to the team work and care for the landscape shown by the employees of the Group's companies, from May to September, in the various legs, a total amount of waste of over 330 kg was collected;
- Support to the "In Farmacia per i Bambini" (at the pharmacy for children) project, with **Fondazione Francesca Rava** and **NPH Italia ETS**, to collect over-the-counter pediatric medicines, baby food and baby care products, to be donated to charities;
- Support to the **"Palla al centro"** project, in cooperation with the Juvenile Court of Milan and the Lombardy Juvenile Justice Center, aimed at supporting the re-education and reintegration in society, school and employment of underage inmates;
- Support to "**Misericordia" di Campi Bisenzio** in favour of the communities and regions hit by severe weather disasters in the Campi Bisenzio area (Florence) and
- Support to the "Adopt a shelf – **Emporio Solidale Piacenza Onlus**" helping with stocking shelves and logistics.

SUPPORT TO INITIATIVES AND PROJECTS DESIGNED TO DELIVER SPECIFIC SOCIAL BENEFITS

The Crédit Agricole Italia Banking Group always and timely responds to the needs of the communities where it operates through targeted charity activities.

The process for donations, coordinated by the Charity Committee, aims at meeting the need for transition to an inclusive economy that is able to generate value for communities, consistently with the commitments undertaken with the Societal Project of Crédit Agricole S.A. by using the funds allocated to social and cultural initiatives by the General Meeting of Shareholders upon approval of the Annual Report and Financial Statements.

With donations, in 2023 the Bank supported:

- The Angelo Affinita Foundation, which helps families and children experiencing social and financial vulnerability in Campania, to open a new Center for Families in Caserta, to purchase a marquee and to distribute necessities;
- The purchase, through payroll giving, of furniture for La Casa di Leo, in Bergamo, which provides accommodation and support to families that need long and frequent hospitalization for treatment of children.

Again in 2023, the Bank continued to give its support for the enhancement of the excellences of the regions. The main contributions were given to:

- Magnani Rocca Foundation, for the "Felice Casorati", "Fellini, cinema e sogno" and "Boccioni, 1900-1910" art exhibitions;
- Arturo Toscanin Foundation,for the "Nidi di Musica" project;
- Edit Napoli, a trade fair on editorial and signature design, which enhances some peripheral artisans;
- Gazzetta di Parma, to develop the "i palazzi di Parma"; publication
- Castello Eventi Association, for the development of the Cultatello&Jazz music programme;
- Consorzio del Tarvisiano, for the "No Borders Music Festival" and "Ein Prosit" events for promoting Friuli-Venezia Giulia;
- Prandi communication and marketing, for the Link Journalism Festival;
- Eight Art Project, for the "Mario Nigro. Opere 1947-1992" art exhibition held at Palazzo Reale and Museo del 900 in Milan;
- Town of Reggio Emilia, for the Luigi Ghirri "Un piede nell'Eden Luigi Ghirri e altri sguardi" photograph exhibition;
- Town of Milan, for the "Mario Nigro. Opere 1947-1992" art exhibition.

Various contributions were given to bicycling and run sport events. In 2023 a partnership was established under which Crédit Agricole Italia is the title sponsor of all the Great Cycling Classics organized by RCS and platinum partner of the Ride The Dreamland cycling event. Some running events were also supported, including the Padua Marathon, Run for Inclusion Milan and UNIBS Run for Climate organized by the University of Brescia.

The Group also supported scientific research, giving a contribution to the IEO Foundation -Monzino Milan for the second year in a row, paying for a scholarship to a young researcher to investigate the role of gut flora (microbiota) in patients suffering from colorectal carcinoma.

The Banking Group promoted partnerships, sponsorships and donations in favour of local trade fairs and initiatives in the agricultural and agri-food sector. The cooperation with Fiere di Parma continued, as did the partnership with Fiere di Cesena, the leading player in the fruit and vegetables sector with “Macfrut” and with Verona Fiere for “Vinitaly”.

Furthermore, several cooperation agreements were signed with the main Trade Associations in the agricultural sector, both local and national ones, namely with:

- Coldiretti for the “Villaggi Coldiretti” and “Festa del Ringraziamento” events, organized by the local sections of Piacenza and Parma, and the “Mercato Coperto Campagna Amica” one in Pavia;
- Confagricoltura, with three-year sponsorship to the national Trade Association and the promotion of minor local initiatives in Emilia-Romagna and Sicily.

The Group supported events both in the economic and financial scope and training and networking ones. Amongst the recurring events supported by the Group, worth mentioning are the “Meet the Champions” meetings, the cooperation with the Osservatorio Permanente Giovani Editori (Young Publishers Permanent Observatory) and the cooperation with Post Eventi for the “Green Week-Sustainability Festival”.

Amongst the events supported with financial partners or dealing with economic/financial topics, worth mentioning is the cooperation with the Italian Banking Association (ABI) for “Diversity and Inclusion in Finance”, the ”Salone dei Pagamenti”, the “Festival del Management e della Cultura d’impresa”, the “Private Banking Awards”, the “Award ai Fondi di Private Capital” for the 10 years of BeBeez, the “Salone del Risparmio 2023”, the “I Bonus Edilizi” workshop, the “70 anni Radiocor” celebration event and the “Il Giornalismo che verrà” workshop.

Other cooperation arrangements were established with local partners for events having a more local nature, such as “Mostra del Bitto 2023”, “Frantoi Aperti 2023”, “TEDX Padova”, “X Edizione del Mandrarossa Vineyard Tour 2023”, “Carnevale di Acireale” and “Aspettando CHEESE - Le Valli del Bitto-Slowfood”.

CAI cooperated also in social initiatives, in various scopes:

- Inclusion, supporting the “Festival Internazionale Cori LGBTQIA+ Various Voices” and “Play the Games”;
- Gender violence, with the “Anche tu meriti” and “Progetto Violenza” projects;
- Cyberbullying, to carry out educational courses for upper secondary schools in Milan, Parma and Lucca on digital kindness;
- Third Sector, promoting “Cantieri Viceversa 2023, network finanziari per il terzo settore” and the “Fare bene insieme. Consolidare ed evolvere. Luoghi per parlare di vision: meeting dei CSV” meeting of the Italian national association of service centres for volunteering (CSV)
- Environmental sustainability, with the “Moby Dixit 2023” event, held in Parma, the PUMS Conference and the Mobility Management Conference.

The social support initiatives promoted by the Crédit Agricole Italia Banking Group are published on its crowdfunding platform **"CrowdForLife"**. The group carried out several fundraising campaigns for projects concerning social inclusion, education, research and healthcare and the environment.. **From its go-live to 31 December 2023 funds of over 3.1 million Euros were raised, 80 projects were published and over 800 applications were received.**

"Crédit Agricole For Dream" a tool designed to support 12 innovative projects, throughout Italy, in favour of the environment and social inclusion.

crowdforlife
Sostieni piccoli e grandi progetti con un click

Nearly 160 applications were received, from which the winner entities were selected and could publish their fundraising campaign on our platform. In its turn, Crédit Agricole Italia, together with its 4 partner Foundations (Fondazione Cariparma, Fondazione Carispezia, Fondazione Piacenza e Vigevano, Fondazione Cassa di Risparmio di San Miniato) supported each individual project doubling the amount of the donations.

Besides these, there are the fundraising campaigns to support the regions hit by natural disasters and emergencies, as well as symbolic days in 2023:

- Earthquake in Turkey and Syria (February) in favour of the population in cooperation with Save the Children;
- Severe weather emergency in Emilia-Romagna (May/June) fundraising campaigns with the Italian Red Cross and Caritas Rimini ODV in favour of the population and areas hit by the event;
- "Ogni giorno al fianco delle donne" (November), on the International Day for the Elimination of Violence against Women, to support the Help Desks and Centers against Violence run by the Italian Red Cross.

With its **School Programme,** the Bank also continues with its initiatives for young people, to support them in building their future and enabling skills, besides fostering equal opportunities, assisting them in their work training and orientation and new socialization approaches, through 3 important partnerships, which involved nearly 12,500 students and over 1,700 employees of the Bank and teachers:

1 With **FEDuF** (Foundation for Financial and Savings Education) financial education programmes started for upper secondary school students based in the all the regions where the Group operates and primary school pupils from Sondrio, with employees of the Group as speakers. Some of the implemented initiatives are:

- At the Sustainable Development Festival, about 550 students from upper secondary schools of the provinces of Parma, Piacenza, Sondrio and Catania participated in the Digital Live Talk "(Un)sustainable choices". The meeting, organized by the Taxi 1729 science communicator, invited the students to think about the common good and on the circular economy new paradigms to raise their awareness in the sustainability global challenge.
- During the National Financial Literacy Month, the "Sosteniamo il Futuro" programme started, which is a cycle of 3 online classes for the students of upper secondary schools in all the regions where the Group operates on civic education and economic citizenship, with special focus on mindful management of money, of resources, on digital payment security and on sustainability, circular economy and green development.
- The pupils in their last years of primary school based in Sondrio were invited to participate in a webinar raising awareness on the value of money and on sustainability.

In addition, initiatives were held also for the Group's People, such as:

- The "Let's give value to money" digital meeting, with a speaker from FEDUF and with Professor Annalisa Valle from Università Cattolica di Milano, addressed the topic of financial education at home.
- On the "International Day for the Elimination of Violence against Women", a Webinar was held intended for all personnel of Crédit Agricole Italia fostering awareness and prevention of and fight against violence against women (including economic violence). The Italian Banking Association (ABI) and the Equal Opportunity Department of the Italian Government participated in the webinar.

2 With **CASCO Digital Learning** e **Fondazione Carolina** the "Digital Kindness" programme was promoted. The initiative has the purpose of carrying out educational courses for upper secondary schools in Milan, Parma and Lucca.

3 Conversely, with **ELIS** the two-year initiative of educational and vocational orientation came to its close having succeeded in involving about 3,000 students between 13 and 19 years old from upper and lower secondary schools based in all the Italian regions where the Group operates.

Lastly, Newlife is the Recycling, Reuse and Urban Regeneration of equipment and properties owned by the Banking Group, which are given for social and environmental purposes to local associations, and has the additional purpose of raising awareness among the Group's people about circular economy and sustainable behaviours, summarized as "3R":

→ Reuse: to foster virtuous behaviours of recycling, reusing and donating, two initiatives were promoted in favour of families and children experiencing social and financial vulnerability:
  - "Zaino Sospeso" (pending school bag): within the "Valtellina Project" and in cooperation with the Italian Red Cross Local Committee, a collection of school material, clothes, footwear and blankets for families being helped by Red Cross volunteers;
  - "Giocattolo Sospeso" (pending toy): collection of toys in favour of vulnerable families, in cooperation with the Italian Red Cross and covering all the regions where the Group operates and the Green Life Headquarters in Parma and Milan, for a total of 15 collection points and nearly 2,500 toys collected..
  - To reuse assets in excellent conditions owned by the Group and no longer usable, they started to be donated to AddaCoworking - Sondrio, Rete Milano ODV and Fondazione iBVA - Milano.

→ Urban Regeneration: with this project, part of the properties owned by the Group and assessed as non-core, are given under gratuitous loan for use to local associations to be used for social purposes in favour of the most vulnerable groups in the population.

→ Reduction in waste: the cooperation arrangement with Caritas has the goal of reducing food waste through a service of daily collection of meals not eaten from the company restaurant at the Green Life Headquarters in Parma and in Milan, which are then donated to people experiencing difficulties.

Local presence (G4-FS13) – Branches by Region	2023	2022	2021
Piedmont	51	55	66
Valle d'Aosta	0	1	1
Lombardy	248	269	314
Trentino Alto Adige	4	8	8
Veneto	82	87	92
Friuli-Venezia Giulia	73	77	80
Liguria	56	58	59
Emilia-Romagna	219	239	248
Tuscany	86	98	107
Umbria	9	10	10
Marche	26	29	34
Lazio	46	54	68
Campania	45	48	49
Sicily	69	90	92
Italy	**1,014**	**1,123**	**1,228**

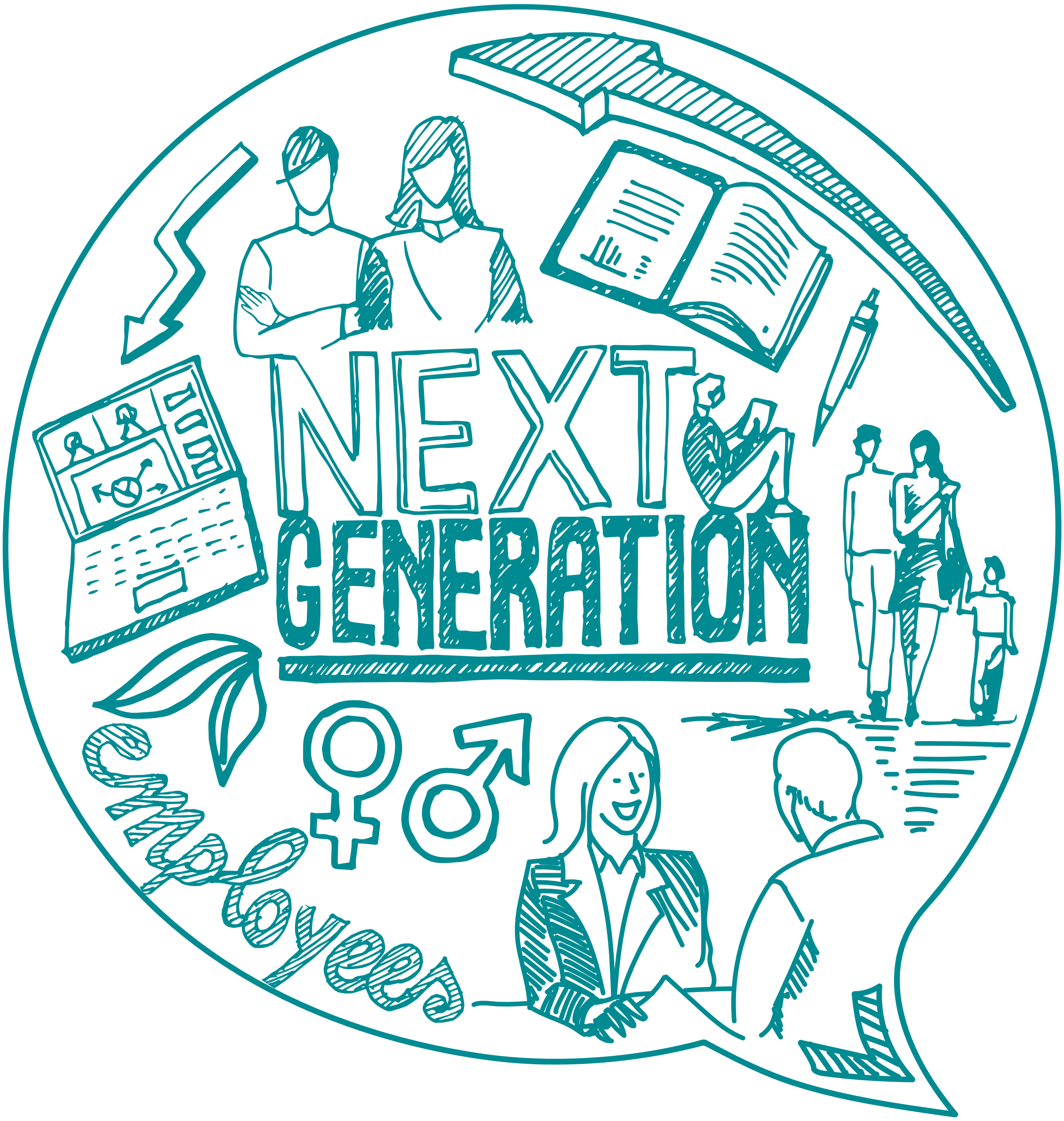
Local presence (G4-FS13)		2023	2022	2021
Number of points of access	No.	1,014	1,123	1,228
Number of Small Business Centers	No.	82	83	62
Number of Financial Advisors Markets	No.	18	12	16
Number of Private Banking Markets	No.	28	16	23
Private Banking Sub-centers	No.	22	26	18
Number of Corporate Banking Markets	No.	33	25	27
Corporate Banking sub-centers	No.	14	34	9
Number of Large-Corp Banking Areas	No.	1	15	1
Number of Corporate Banking Special Network areas	No.	3	1	1
Number of Retail Banking Special Networks	No.	12	12	0
Number of municipalities with<5000 inhabitants served	No.	152	174	173
Number of branches in municipalities with <5000 inhabitants	No.	157	184	128
	%	15	18	14.7
Number of closed branches in municipalities with <5000 inhabitants	No.	23	2	0
Number of open branches in municipalities with <5000 inhabitants	No.	0	0	0

Investments in the community (203-1)		2023	2022	2021
Sponsorships	%	61.25	54.80	40.83
	€	2,790,737	2,173,189	1,283,758
Donations from the charity fund	%	38.75	45.20	58.17
	€	1,765,405	1,792,518	1,785,579
Scopes of action (Sponsorships)				
Culture	%	3.49	5.68	9.86
	€	97,487	123,380	126,521
Other	%	10.58%	2.30	15.76
	€	295,240	49,980	202,292
Sports	%	57.51%	77.92	54.81
	€	1,605,060	1,693,389	703,650
Economic	%	28.41%	14.10	19.58
	€	792,950	306,440	251,296
Scopes of action (Donations from the charity fund)				
Culture	%	22.04	27.89	44.40
	€	389,150	499,880	792,850
Social	%	77.96	67.32	48.76
	€	1,376,255	1,206,638	870,728.93
Sports	%	0.00	0.00	0.00
	€	0	0	0
Other	%	0.00	4.80*	6.83
	€	0	86000*	122,000

* In 2022 funds for green and circular economy were granted (CA FriulAdria)).

06

HUMAN RESOURCES MANAGEMENT



OCCUPATIONAL DYNAMICS

TRAINING AND DEVELOPMENT

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

PEOPLE'S HEALTH, SAFETY AND WELLBEING

HUMAN RESOURCES MANAGEMENT

The Crédit Agricole Banking Group holds people at the center of its business model.

Although the social and economic context in which the Banking Group operates is constantly evolving, thus requiring continuous updating of the Group's model in terms of technological innovation, the Bank has always kept its attention to Human Resources very high. This aspect is emphasized also by the topics that emerged from the materiality assessment: Centrality of people, expressed by the positive impacts of Well-being and Inclusion of Employees and Growth and development of specific skills, has proved once again an extremely material topic for 2023, as has the attention to preserving the occupational levels, also through the generational turnover.

Therefore, **people continue to be the driver of the Group's growth** because it is thanks to their professional abilities, skills and experience, combined with their responsiveness to customers and the ability to generate trust, that the Bank takes care of its relations with its employees and customers and lays strong foundations in the regions where it operates.

These are the factors that can trigger a virtuous circle whereby the strong bond with its regions translates into higher attention to and better understanding of customers' needs, which leads to the development and provision by the Bank of innovative and to-the-point services.

The wellbeing and professional growth of its employees is a strategic priority of the Crédit Agricole Banking Group, as substantiated by its 2022-2025 Medium Term Business Plan. To this end, the Bank designs, sets up and implements training programmes and growth plans able to enhance vertical and horizontal skills of the Group's people, promoting and fostering their professional development. Furthermore, thanks to the intra-group synergies the Bank can rely on, international mobility is also incentivized as a key element for the Group's development and growth, as well as an opportunity to promote cultural diversities to build a diverse work environment.

The growth of the Group's people is implemented through wide and diversified training programmes, which range from Change Management to Digital Culture, from the approaches to interact with customers to sale strategies. As personnel is a strategic asset for the Bank, the Bank also gives special attention to the identification and selection of the best talents on the employment market in order to ensure, in the long term, a constantly high quality of the Group's human capital.

People are listened to, developed and assessed following a structured procedure in order to regularly and systematically verify the skills and knowledge of the personnel engaged in providing services and giving information.

Furthermore, CAI focuses specifically on **inclusion, enhancement of diversities in the workplace and welfare,**, which the Bank governs and implements with specific management directions, such as the Code of Ethics and the Code of Conduct, supplementing them with initiatives such as the Charter of Respect and the Charter of Women in banking.

OCCUPATIONAL DYNAMICS

After a transition phase due to the acquisition of Credito Valtellinese and, therefore, after a period of efforts made to integrate human, technical and infrastructural resources in order to consolidate operations and maximizing the overall efficiency, for the Crédit Agricole Italia Banking Group 2023 was the first year of consolidated operations after the acquisition. Therefore, the distribution and composition of personnel, besides the occupational dynamics of the Group, can be analyzed with higher accuracy.

As shown by the tables below, the total number of employees of the Group slightly decreased, by about 1%, vs. 2022; at the same time the number of employees that are university graduates or a higher qualification increased by 3.5%, vs. a 6% decrease in employees that have only an upper secondary school diploma.

The breakdown of total employees by gender show a good balance, with the number of men slightly over 50%, the wider gap is in the senior managers category, where women account for 25% of the total number. The Banking Group has been working for years to close this gap, as substantiated by the constant increase in the number of women that are senior managers, up by +14% in the 2021-2022 period and +5% in 2022-23; in addition to all the above, a considerable investment was made on young resources due to which 55% of new hires in the year are women.

On the other hand, analyzing the Group's people by role, it can be seen that all categories decreased in number, except for the personnel belonging to protected groups. Likewise, a marked increase of 17% vs. 2022 can be seen in people under 30 years in the "professional area job level, giving evidence of a Banking Group that invests very much in young talents. This is also confirmed by the figure of new hires, 75% of whom , in 2023, consisted of young people under 30 years old.

Number of employees (GRI 2-7)		2023	2022	2021
Employees as at 1 Jan.	No.	12,671	13,096	9,740
New hires	No.	630	697	363
New hires subsequent to the Creval Combination	No.	0	3,400	3,451
New hires subsequent to the CA FriulAdria Combination	No.	0	1,325	0
New hires for intra-group acquisition	No.	32	3	13
New hires for extra-group acquisition	No.	1	11	-
Dismissals	No.	769	1,118	460
Terminations subsequent to the Creval Combination	No.	0	3,412	0
Terminations subsequent to the CA FriulAdria Combination	No.	0	1,325	0
Terminations (intra-group)	No.	33	3	11
Terminations (extra-group)	No.	0	3	0
Employees as at 31 Dec.	No.	12,532	12,671	13,096
By gender				
Men	No.	6,362	6,519	6,841
Women	No.	6,170	6,152	6,255

continues

Number of employees (GRI 2-7)		2023	2022	2021
By geographical area				
Italy	No.	12,530	12,667	13,092
NORTHERN ITALY	No.	9,515	9,623	9,972
Veneto	No.	653	688	716
Friuli Venezia Giulia	No.	714	750	825
Emilia-Romagna Region	No.	3,780	3,782	3,844
Lombardy	No.	3,260	3,274	3,430
Liguria	No.	540	537	559
Trentino Alto Adige	No.	37	37	37
Valle d'Aosta	No.	0	3	3
Piedmont	No.	531	552	558
CENTRAL ITALY	No.	1,856	1,862	1,928
Tuscany	No.	870	891	924
Lazio	No.	652	631	656
Umbria	No.	70	72	71
Marche	No.	264	268	277
SOUTHERN ITALY	No.	1,159	1,182	1,192
Campania	No.	514	531	527
Sicily	No.	644	650	663
Puglia	No.	0	0	1
Sardinia	No.	1	1	1
Abroad	No.	2	4	4
Total	**No.**	**12,532**	**12,671**	**13,096**
Employee by qualification				
Graduate and post-graduate	No.	7,067	6,826	6,490
High school diploma	No.	5,253	5,585	6,259
Other	No.	212	260	347

Employees by position, age group and gender (405-1)		2023	2022	2021
Senior managers	**No.**	**151**	**156**	**156**
<30 years	No.	0	0	0
of which women	%	0	0	0
30 - 50 years	No.	29	33	34
of which women	%	44.8	42.4	35
> 50 years	No.	122	118	119
of which women	%	20.5	18.6	11.3
Junior Managers	**No.**	**5,465**	**5,507**	**5,802**
<30 years	No.	4	0	0
of which women	%	0	0	0
30 - 50 years	No.	2,308	2,312	1,976
of which women	%	38.9	37.2	37.1
> 50 years	No.	3,153	3,195	2,409
of which women	%	37.0	37	36.8
Professional area (job level)	**No.**	**6,916**	**7,013**	**5,241**
<30 years	No.	1,071	917	459
of which women	%	59.6	56.6	51.7
30 - 50 years	No.	3,662	3,926	2,917
of which women	%	60.3	60.3	60
> 50 years	No.	2,183	2,170	1,865
of which women	%	55.9	54.7	53.7
Protected groups/disabled (in the annual statement)	**No.**	**793**	**780**	**595**

Diversity of governance bodies and employees (405-1)		2023	2022	2021
Senior managers	No.	38	36	31
Junior Managers	No.	2,065	2,043	2,142
Professional area (job level)	No.	4,067	4,073	4,082
Total	**No.**	**6,170**	**6,152**	**6,255**
Length of service (405-1)				
<5 years	No.	2,166	2,008	1,652
6 - 20 years	No.	5,515	5,652	5,812
21 - 30 years	No.	2,220	2,252	2,469
> 30 years	No.	2,631	2,759	3,163
Employees by Contract type (2-7)				
Permanent contract	No.	12,119	12,171	12,860
- of which women	No.	5,907	5,851	6,135
Fixed term contract	No.	413	500	236
- of which women	No.	263	301	120

Training-work (2-7; 2-8)		2023	2022	2021
Apprentices (of which permanent contracts)	No.	1	1	1
Atypical contracts	No.	5	3	0
Internship	No.	25	4	43
Apprentices (of which permanent contracts)	No.	0	1	1
Total	**No.**	**31**	**9**	**45**
Part-time (2-7)				
Employees with part-time contracts	No.	1,595	1,609	1,721
- of which women	No.	1,517	1,531	1,638
Average age (years, months)	No.	46.10	46.10	47.08

Collective bargaining and trade unions representation (2-30)		2023	2022	2021
Employees under national collective bargaining agreements	No.	12,532	12,671	13,096
	%	100	100	100
Employees that are members of a trade union	No.	10,767	10,836	11,337

Hires (401-1)		2023	2022	2021
Hire rate	%	5.29	42.90*	3.19
Hire rate from the market	%	5.03	5.59	3.19
By age				
<30 years	No.	472	597	226
30 - 50 years	No.	151	105	141
> 50 years	No.	7	6	11
By gender				
Women	No.	349	392	178
Men	No.	281	316	200
By position				
Senior managers	No.	1	4	1
Junior Managers	No.	83	58	59
Professional area (job level)	No.	546	646	318
By geographical area (place of work)				
Sicily	No.	13	3	0
Campania	No.	13	19	18
Emilia-Romagna Region	No.	273	296	164
Friuli Venezia Giulia	No.	18	30	25
Lazio	No.	21	9	13
Liguria	No.	28	35	22
Lombardy	No.	182	205	68
Marche	No.	0	2	0
Piedmont	No.	35	61	24
Tuscany	No.	18	13	10
Umbria	No.	1	0	0
Veneto	No.	26	34	32
Trentino Alto Adige	No.	2	1	2

* As regards the hire rate/turnover rate, the increase in the rate vs. 2021 resulted from the absorption of Credito Valtellinese and FriulAdria into CAI in 2022.

Terminations (401-1)		2023	2022	2021
Termination rate	%	6.40	46.23*	3.40
Termination rate with no intra-group transfers	%	6.14	9	3.34
By reason				
Resignation	No.	253	251	143
Resignation for extra-group move	No.	0	3	11
Solidarity Fund	No.	284	555	0
Expiry of fixed-term contracts	No.	88	35	28
Retirement	No.	124	248	309
Dismissal	No.	6	5	0
Voluntary redundancy	No.	5	9	0
Other	No.	9	15	31
By age				
<30 years	No.	162	86	49
30 - 50 years	No.	157	182	111
> 50 years	No.	450	853	362
By gender				
Women	No.	331	490	202
Men	No.	438	631	320

* As regards the hire rate/turnover rate, the increase in the rate vs. 2021 resulted from the absorption of Credito Valtellinese and FriulAdria into CAI in 2022.

Terminations (401-1)		2023	2022	2021
By occupational category				
Senior Managers	No.	10	18	3
Junior Managers	No.	340	479	217
Professional area (job level)	No.	419	624	302
By geographical area				
Campania	No.	30	29	23
Emilia-Romagna Region	No.	193	319	170
Friuli Venezia Giulia	No.	59	106	63
Lazio	No.	19	34	11
Liguria	No.	26	48	35
Lombardy	No.	229	364	116
Marche	No.	13	13	1
Piedmont	No.	50	59	31
Tuscany	No.	42	52	23
Umbria	No.	2	4	4
Veneto	No.	61	57	37
Trentino Alto Adige	No.	5	1	2
Valle d'Aosta	No.	0	0	6
Sicily	No.	39	35	6
Other	No.	1	0	0

* As regards the hire rate/turnover rate, the increase in the rate vs. 2021 resulted from the absorption of Credito Valtellinese and FriulAdria into CAI in 2022.

TRAINING AND DEVELOPMENT

TRAINING, GROWTH AND INVOLVEMENT OF PEOPLE

For the Crédit Agricole Italia Banking Group training is more than an investment for the firm, it is a path that leads to people's personal and professional growth, promoting actions that stimulate individual initiative and responsibility of everyone.

In 2023 training was placed at the centre of all the project streams in the 2022-2025 Medium Term Business Plan, working as "enabler" in the implementation of the Group's strategic lines. The many training activities provided focused mainly on the evolution and updating of technical and role-related skills associated also with the new distribution and commercial models, as well as managerial ones.

In FY 2023 the Group continued to implement innovative models and methods oriented to people in order to promote a multichannel training process and maximize learning convenience and flexibility using its various Platforms/Apps. Training was provided mostly digitally also in 2023, reserving in-person training for those contents for which direct interchange is an enabling tool for training, such as in specialist or managerial programmes.

As in the previous years, the Banking Group was committed to ensuring constant compliance with the applicable legislation and regulations, extending and updating its training programmes with new digital contents on topics such as D.Lgs. 231, Anti-money-laundering, Anti-corruption, Business Continuity, Cybersecurity, MiFID and mortgage lending to consumers.

Other digital contents were developed on the wide topic of Italy's Recovery and Resilience Plan (digital and sustainable mobility, education and research, social inclusion and cohesion, tourism and agribusiness).

Furthermore, the various entities of the Group participated in the tendering procedures and obtained financing of their training from the Bank Fund and Insurance Fund interprofessional industry funds and FONDIR to implement many training projects, agreed on with the Trade Unions.

UPSKILLING/RESKILLING PATHS

In order to continue to successfully grow and to support the Group's strategic business priorities of the Group, the Upskilling and Reskilling programmes aim at give new specialist, digital and behavioural skills to the Group's people, so that they are supported in their professional development and are made in the condition to perform their job in the best possible way.

Training and development programmes were implemented to provide appropriate technical knowledge and to strength the relational and commercial skills of the employees that are in the process of taking one a higher role featuring more specialist complexity within the Commercial Network . Having regard to the Retail banking segment, besides the Paths for Affluent Account Manager and Small Business Account Manager, going on since 2022, in 2023 a bespoke plan was implemented for Family Account Managers. Likewise, for managerial roles, tailor-made programmes have been designed based on the responsibility level to develop team coordination and leadership skills. Furthermore, intense activity went on to map the technical, relational and managerial skills, which, in the reporting year, concerned over 2000 employees. Each participant in the initiative was given a selection of training contents to work on his or her skills to be strengthened.

Yet another Development tool that went live in 2023 is a Potential Self-assessment tool, which is robust in terms of method and agile in terms of user experience, thus allowing fast administration and immediate preparation of a summary report giving evidence of the resources' soft skills and motivation, and which goes alongside an interview with personnel of the Development/Talent Management Team.

MANAGERIAL AND LEADERSHIP DEVELOPMENT PATHS

In order to build a managerial community, in 2023 training continued to be provided to Managers with a wide range of programmes. Listening to the Managers' needs was the starting point to provide specific training tailor-made on the individual managerial needs .

In a context where leadership requires entrepreneurship, delegating, individual and team-wide responsibility and accountability, the manager role in the Firm is facing deep change towards a transformative leadership style, based on a powerful sense of vision and performance orientation in a sustainable way.

Top Training HUB is the development path to the professional growth of people in positions entailing responsibility or professionals. It is a programme aimed at developing managerial skills within the Firm and at fostering the necessary skills to improve employability through high training solutions. This initiative has been designed to be in close contact with the business, aligned with the Firm's strategic objectives and to be able to directly respond to the needs that have emerged from internal surveys. Once again in 2023 Crédit Agricole Italia participated in the survey conducted by the Crédit Agricole S.A. Group to calculate the "Mise en Responsabilité (IMR)" (responsibility taking) index, in order to identify strengths and room for improvement in the perception of employees and to lay the foundations for the definition of an action plan to ensure continuous improvement .

The main goals of the Top Training HUB programme are also the three work streams, and specifically:

1. Bringing managers **constantly up to date** on material topics;
2. Providing contents that are tailor-made on the Bank's specific needs. In this regard **training meetings on ESG and Diversity & Inclusion matters were held;**
3. **Accelerating managerial growth and evolution** consistently with the Group's project.

Yet another important activity is Talent Management, which aims at identifying and developing the resources' potential for growth from a managerial standpoint, through crosswise training initiatives and strictly speaking managerial programmes

Through the Manager Academy, in 2023 over 90 resources were admitted to the Branch Manager programme, which provides support in moving on to the new role through complete technical training and subsequent testing by the relevant commission, and assistance to the testing commission in assessing the managerial maturity with one-to-one meetings on managerial and strategic vision matters. Also for the other first-level managerial projection roles several technical and/or managerial tools have been implemented in order to support future managers in their growth and in handling higher complexity.

Furthermore, a Top Skill Programme went live aimed at assisting the managers taking on the role of Department Head in order for them to acquire high managerial skills and higher crosswise knowledge of the Group.

In order to support the managerial development of the Group's Managers, once again in 2023 a Coaching programme was held, which, in cooperation with some external firms and thanks to internal Coaches, involved over 70 resources in one-to-one or group activities. This scheme allows one's potential to be maximized and the expression of a leadership that is more and more consistent with the Company's values. Moreover, mentorship programmes are also held with the purpose of facilitating and accelerating the exchange of experiences, as well as the integration and inclusion of diverse corporate cultures resulting from the mergers and consequent internal reorganizations.

The ambition is to implement measures and projects able to respond to an ever-evolving scenario, providing all people in roles of responsibility with distinctive and diversified initiatives.

EMPOWERMENT PATHS

In the modern banking arena, the empowerment of human resources is a key element to **stimulate innovation, promote an organizational culture based on individual responsibility taking and improve customer satisfaction.** Being fully aware of this and strongly projected towards the future, also in 2023 Crédit Agricole Italia continued to implement its policy for the empowerment of employees, with special attention to **new generations, gender equality and process digitalization.**

Having regard to young people, the Banking Group implemented several projects especially for resources under 35 years old, on whom it strongly invests in order to achieve the cultural and managerial transformation provided for by the 2022-2025 medium Term Business Plan. To this end, the Bank selects young people with distinctive aptitudes and puts them in the care of managers who are specifically trained to manage new generations and who assist them along bespoke engagement and training paths.

Crédit Agricole Italia's vision is strongly focused on training new talents and, consistently with this vision, it has been implementing its **Next Generation project,** whereby it intends to pursue an ambitious plan for the organization renewal. The project includes several training initiatives aimed at conveying principles of ethics and values able to inspire the new generations; therefore, an onboarding and engagement path has been structured, which can convey the knowledge and values of the Group to the new hires, from the very day they arrive at the Firm, in order to build a strong Crédit Agricole Italia identity and assist and support the professional development of young resources.

Several initiatives are in place for new hires, such as the "Welcome Aboard" e "Welcome Day" in-person training days, the CA Stories and Next to You digital meetings, as well as the "Generation Empowerment" training programme, which is designed to meet some main needs :

- Conveying the corporate culture and values;
- Orientation;
- Acquisition of skills;
- Growth supporting the self-development plan of each person.

The programme aims at fostering the development of horizontal skills, such as corporate intelligence, soft skills (such as team work, feedback management) and self-development, in order to support self confidence.

Furthermore, the new hires have been matched with a "Cicero", i.e., a colleague with more experience, who gives support and guidance and promotes networking. The Bank also ensures open and constant dialogue between young people and managers at all levels, giving several opportunities to meet and exchange views in order to foster vertical and horizontal knowledge of the Group. Direct engagement and the many initiatives proposed to our young people aim both at fostering aspirations and ambitions and at reducing the hierarchical and generational distance within our corporate structures, facilitating opportunities for interacting and networking between them.

The main initiatives deployed in 2023 included IndAction and Young meeting. The former is an event giving young people the opportunity to listen to testimonies from Top Managers, to find out more about some business lines of the Group and to try their hand at it through game activities; the latter conversely is an innovative format based on interaction and designed to give an experiential day on the business, digital innovation and values of CAI.

Gender equality is a core topic for the Group, as substantiated by the implementation of an Talent Management enhancement project targeting over 650 women of the Group and aimed at providing the tools to develop their career and achieved their professional ambitions, focusing on female leadership.

Having regard to process digitalization, Crédit Agricole Italia wants to maintain a sustainable business growth leveraging on active involvement of people and on a state-of-the-art digital infrastructure; the challenge for the future is to accelerate the digital transformation of the Group and of its Customers, extending digitalization and dematerialization.

To meet this challenge, the Banking Group has deemed it necessary to start on a path for the upskilling and reskilling of its resources through targeted training plans and bespoke initiatives focused on development.

Specifically, the training plan of CA Group Solutions (a consortium company limited by shares belonging to the Crédit Agricole Italia Banking Group) - which is an integral part of the Group's plan and shares the same guidelines and initiatives – features two specific development lines: IT Evolution Strategy and specialist training based on roles, in accordance with the different scopes of activity.

Throughout 2023 innovation and digitalization were once again focused on, with the creation of training actions aimed at promoting the Network's knowledge and awareness about Digital-driven opportunities, defining and implementing new digital experiences that support human resources and are consistent with customers' requirements. Furthermore, digital and technological training was given a prominent role within the Firm's IT structures in order to support the development and transformation of the systems used in the Business, through targeted initiatives Cybersecurity, Cloud Computing, programming languages, application development, agile solutions and emerging technologies.

All the above is evidence of the fact that **technological transformation is one of cornerstones of the evolution Strategy of CA Group Solutions and CA Italia.**

HUMAN RESOURCES AND INTEGRATION OF ESG ASPECTS

Sustainability is more and more part of the training programmes for the Group's employees. The "ESG" training proposed by the Bank has been designed to instil culture and skills in our people, which are essential in the present scenario, and aims at ensuring the ability to give a more and more targeted response to Customers' requirements, consistently with and supporting the Group's Medium Term Business Plan. Crédit Agricole Italia sponsors the implementation of a full-range ESG culture through some main drivers, such as the entry of new resources, the upskilling of the existing personnel and the evolution in internal leadership consistently with the ESG principles and governance.

Training aims at **supporting the dissemination of a sustainability culture and at developing and strengthening essential skills for the implementation of the corporate strategies that pursue the generation of economic, social and environmental value.** The Bank's goal is to ensure that, by 2025, all the people within the Group receive ESG training, through a training scheme structured on three levels:

- A basic level, crosswise the various topics and provided to all personnel, mainly through e-learning modules;
- A specialist level with in-depth expansion on the single topics, held by the relevant Structures and/or by external accredited entities, also live;
- A level of certified training programmes (such as EFPA, ABI Expert).

Having regard to the certified programmes, in 2023 the Banking Group set up a **custom and certified training programme, called: "ESG expert".** That programme was proposed to the ESG Managers of the functions that have been the most impacted by the developments in the applicable legislation and consisted of a cycle of meetings held by trainers expert in the sector and enabled the trainees to obtain the ESG ABI Expert certificate. The certificate is personal and marks the completion of upskilling programme, which was designed exclusively for the banking industry and aimed at making the context understood and defining the bank's role in the sustainable transformation process underway.

This approach substantiates **Crédit Agricole Italia's constant commitment to adopting and promoting sustainability not only as an option but rather as an integral part of its corporate mission and vision.**

NEW ASSESSMENT MODEL

In 2023 Crédit Agricole Italia rolled out its new professional assessment model, supplementing it with a self-assessment step that comes before the assessment by the Manager and gives the employee the opportunity to propose objectives for 2024. To assist our people on this important path, a training schedule was implemented in order to explain the reasons for the new features of the process. The contents were made available to all personnel via e-learning through our Digital Academy.

After this new step, there is the assessment made by the Manager the person reports directly to, and then there is an "extended" discussion group meeting to share the results, which is coordinate by HR for the discussion and certification of the final outcome in view of the feedback interview. Furthermore, the discussion group also includes a controller for diversity and inclusion principles.

Both the self-assessment and the assessment made by the Manager focus on the individual's objectives and on a clearly-defined set of behavioural values, including a "behaviour" associated with ESG and D&I matters.

The recipients of the MBO process are professionally assessed based on the same behavioural values applying to the other employees. The managerial assessment outcome is a non-economic indicator that is taken into account in the MbO process on the relevant sheet and contributes to the determination of the remuneration variable component for the accrual year. Lastly, also for 2023, on a voluntary basis and anonymized, a 180 degree feedback or bottom-up assessment system was applied to the same behavioural values for a small but relevant target sample of the Group's managers and a 360° assessment system was applied for a small perimeter of managers.

Training (404/-1)		2023	2022	2021
Hours of training provided	Hours	676,586	602,010	522,601
- of which to women	Hours	337,310	286,848	249,863
Average hours of training per employee	Hours	54.92	48.3	39.9
By position				
Senior managers	Hours	6384	3,898	3,751
Junior Managers	Hours	299,109	272,546	241,215
Professional area (job level)	Hours	371,093	325,500	277,635
Average hours of training by position*				
Senior managers	Hours	44.3	26.8	24
Junior Managers	Hours	55.3	49.8	42
Professional area (job level)	Hours	54.9	47.5	39
Average hours of training by gender*				
Men	Hours	54.1	49.1	40
Women	Hours	55.8	47.5	40
By training method				
Classroom	Hours	50,118	38,305	3,239
Online	Hours	441,647	483,842	109,714
Virtual classroom	Hours	184,821	79,863	174,457
Remote training	Hours	0	0*	235,081
Mentorship/Internship	Hours	318	66	111
By type				
Mandatory training	Hours	462,178	456,340	359,709
Funded training	Hours	46,230	5,358	74,415
Training to apprentices	Hours	0	0	0

* Since 2022 the remote training field has no longer been on record in the Group's systems. Therefore, remote training is part of the "on line" and "virtual classroom categories".

Training provided to employees on the policies and procedures regarding all aspects of human rights Code of (Ethics) (404-1)		2023	2022	2021
Trained employees	No.	10,425	4,281	4,323
Hours of training provided	Hours	27,011	3,788	2,728

Training costs		2023	2022	2021
Amount of financed training	€	1,196,500	755,554	480,000
Training abroad				
Senior managers	Hours	0	0	0
Junior Managers	Hours	0	0	0
Professional area (job level)	Hours	0	0	0
Breakdown of training by topic area				
Commercial	Hours	151,679	221,526	138,156
Insurance	Hours	194,494	65,199	41,698
Credit	Hours	41,568	22,343	27,323
Abroad	Hours	0	92	0
Finance	Hours	72,439	44,175	107,090
Legislation	Hours	128,369	178,340	124,212
Operational	Hours	25,480	28,782	38,011
IT /Foreign languages	Hours	30,679	35,932	26,150
Managerial	Hours	31,879	5,713	19,869
Managerial for seniors (over 65)*	Hours	8,617	16.51	0

* The figure on managerial training for seniors (over 65) is a breakdown component of the overall managerial training, based on the age of the resources that received it. There is no area dedicated to managerial training for seniors.

Performance measurement (404-3)*	Personnel assessed through performance measurement in 2023	Personnel assessed through Managerial Assessment in 2023	Percentage of personnel to be assessed in 2023
	No.	No.	No.
Senior managers	**0**	**138**	**138**
Senior Managers – Women	0	35	35
Senior Managers – Men	0	103	103
Junior Managers	5,209	76	5,378
Junior Managers – Women	2,003	7	2,039
Junior Managers - Men	3,206	69	3,339
Professional area (job level)	5,959	0	6,087
Professional area (job level) - Women	3,472	0	3,536
Professional area (job level) – Men	2,487	0	2,551
Grand total	11,168	214	11,603

* The figures do not include apprentices that are assessed with a specific measurement process. The percentages are calculated based on total people that can be assessed.

** Senior Managers and some Managers of the Group - by position held - are assessed through the Managerial/MBO assessment process.

Performance measurement (404-3)*	Percentage of personnel assessed in 2023	Percentage of personnel assessed in 2022**	Percentage of personnel assessed in 2021*
	%	%	%
Senior Managers	**100.0**	**100.0**	**100.0**
Senior Managers – Women	100.0	100.0	100.0
Senior Managers – Men	100.0	100.0	100.0
Junior Managers	**98.27**	**98.9**	**99.0**
Junior Managers – Women	98.58	97.5	98.5
Junior Managers - Men	98.08	99.7	99.3
Professional area (job level)	**97.90**	**95.4**	**97.4**
Professional area (job level) - Women	98.19	95.2	97.2
Professional area (job level) – Men	97.49	95.6	97.6
Grand total	**98.10**	**98.0**	**98.2**

* *The data do not include Credito Valtellinese perimeter, as the performance measurement method is different between the banks.
** The figures do not include apprentices that are assessed with a specific measurement process.

Promotion by position		2023	2022	2021
Senior managers	**No.**	**9**	**9**	**12**
- of which women	No.	5	5	6
Junior Managers	**No.**	**511**	**288**	**475**
- of which women	No.	222	121	198
Professional area (job level)	**No.**	**804**	**472**	**885**
- of which women	No.	454	260	505

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

Crédit Agricole Italia promotes diversity and inclusion in accordance with the Group's D&I Strategy, which is at the basis of the organizational, cultural and managerial transformation of the Bank and structured on five dimensions:

- → ***Openness and curiosity***
- → ***Representativeness***
- → ***Equality of Opportunities***
- → ***Solidarity***
- → ***Responsibility***

Again in 2023 the Bank substantiated its attention to and further strengthened in commitment to Diversity and Inclusion matters, promoting fair representation and active participation encouraging diversity in thought and perspective. In this scope, the intra-group synergies and the opportunities to work in Italy and abroad play a key role in the bank's development, promoting cultural diversity and the sharing of experiences between the various Crédit Agricole entities.

The Group's commitment to gender inclusion was substantiated with the definition of a D&I strategic plan that pursues the objective, among others, of promoting diverse behaviour and leadership styles, to foster respect for work-life balance, of strengthening its corporate welfare, of ranking people based on merit and role, irrespective of gender, and of ensuring neutrality in the assessment and remuneration policies.

Consistently with this approach, the Group **obtained the Gender Equality Certification (UNI PDR125) that gives evidence of the tangible policies and measures deployed to reduce the gender gap.**

The Certification gives the opportunity to be perceived and recognizable as an inclusive workplace, which includes and enhances uniqueness, to be responsible to our customers and to society with actions having high impact inside and outside and to measure our Diversity e Inclusion performances with a structured set of KPIs whereby progress made by the Banking Group as a whole can be monitored pursuing continuous improvement.

In the activities for gender equality, also in the light of the applicable legislation, in 2023 the Group continued to analyze its "Gender Pay Gap". The purpose of the analysis is to survey pay equity by gender and to plan, implement and monitor the corrective measures deployed to close the gap over time.

In this scope and in compliance with the regulatory obligations on this mater, the Board of Directors, with the support of the Remuneration Committee, is responsible for assessing the gender neutrality of the remuneration policy and any gender pay gap.

In compliance with the GRI standards and as done in the previous non-financial reporting exercises, the pay aggregates broken down by job category and gender are given below.

Total average annual gross base pay (fixed + variable) (FTE) (405-2)		2023	2022	2021
Senior managers				
- men	€	226,806	211,116	216,237
- women	€	155,743	144,689	145,548
Women/men pay ratio	%	68.67	68.54	67.31
Junior Managers				
- men	€	73,874	69,697	67,523
- women	€	65,574	62,146	60,523
Women/men pay ratio	%	88.77	89.17	89.63
Professional area (job level)				
- men	€	44,908	41,857	41,664
- women	€	44,432	41,597	41,515
Women/men pay ratio	%	98.94	99.38	99.64

Average annual gross base pay (FTE) (405-2)		2023	2022	2021
Senior managers				
- men	€	157,983	154,785	157,804
- women	€	118,388	113,383	113,564
Women/men pay ratio	%	74.94	73.25	71.97
Junior Managers				
- men	€	65,698	61,978	61,603
- women	€	59,285	55,994	55,920
Women/men pay ratio	%	90.24	90.35	90.77
Professional area (job level)				
- men	€	42,383	39,566	39,867
- women	€	42,085	39,417	39,759
Women/men pay ratio	%	99.29	99.62	99.73

In general, substantial gender equality can be seen in the comparison between women's and men's remuneration average amount in the Professional area job level, whereas the gap is wider in the Junior and Senior managers categories, in which, also in the light of the applicable legislation, a more exhaustive and thorough methodological and management analysis must be made not based on categories.

Indeed, like last year, the Group surveys the gender pay gap not only by job category but also and especially by even job positions; this view gives results showing a less significant gap and appreciable improvements year over year.

The Group conducted its annual assessment of the gender-pay gap on the data as at 31 December 2023 in accordance with the methods given by the Italian and EU Regulators (Bank of Italy and EBA) and with its internal model based on the principle of "equal pay for equal work" whereby the pay equity level can be assessed by employee clusters that are comparable, defined based on equal complexity managed (Job Evaluation grade), role and seniority. The identification of yet other methods in addition to those set out by the supervisory regulations to analyze the gender-pay gap is moreover an option permitted by the regulations themselves and is consistent with the market practices. The method, which was adopted for the first time in 2021, was endorsed by a leading consulting firm, which supported the Group in developing the analyses.

Overall, with the application of the aforementioned approach, the analyses as at 31 December 2023 confirmed an average pay gap for a rather modest amount and limited to a small panel of roles, accounting for less than 1% of the women in the Group (1% in 2022), thanks also to the activities carried out in 2023. The breakdown of the detected pay gaps by cluster showed the same situation found in the previous years: essential equality of the average pay between the two genders in clusters featuring lower organizational complexity, mainly consisting of clerical roles not entailing responsibility-taking; the gap was found to be slightly wider, albeit little significant in terms of numbers and percentage, in clusters featuring higher complexity and responsibility (mainly in the senior management category) subsequent also to the female leadership enhancement actions deployed in the last few years, which have had a positive impact in terms of representativeness but, at least initially, may generate a gender pay gap impact.

Substantiating its commitment to this matter, in 2023, within its multi-year action plan on remuneration and management policies, the Group:

- Set targets in terms of strong and progressive mitigation of this phenomenon over a three-year time horizon, subject to appropriate merit and performance assessments; the targets are in line with expectations and will be regularly reported on a yearly basis to the Remuneration Committee and to the Board of Directors;;
- Included the information on the gender pay gap (to be regularly updated and monitored) among the decision-making drivers for merit assessment;
- Formalized an internal regulation of the action policies in force aimed at regularly measuring the gender gap defining scopes of analysis, assessment drivers, usable levers, action plans, responsibilities and monitoring phases;
- Established the assignment, also in 2023, of a specific KPI on female leadership enhancement to all managers at the highest level in the MBO system, in line with the corporate objectives.

Among the **main activities and projects aimed at inclusion and at promoting inclusion and diversity** in all its forms, deployed by the Banking Group in 2023, worth mentioning are:

- The continuing cooperation with Valore D, an association of enterprises that promotes diversity, talent and female leadership as drivers of growth for enterprises and for the Country.
- Once again in 2023, the Month of Diversities was held: five days of initiatives and events involving all the People of the Group to .provide food for thought on inclusion topics.
- Moreover, in March, as done by Crédit Agricole S.A., the Week of Diversities was held in order to give food for thought and disseminate awareness on three Diversity & Inclusion core topics: the value of respect by using an inclusive and mindful language, gender equality and social inclusion.
- A collaboration relationship started with Fondazione Libellula to promote a culture based on respect and inclusion and to foster considerations on gender discrimination and violence. In April three webinars were held for the Group's people with children between 6 and 19 years old, to foster the development of behaviours and models that are free from discrimination and stereotypes.
- As of June 2023, it is possible to set up and/or participate in an Employee Resource Group or ERG, voluntary, employee-led and self-organized groups of people who share some features or interests. Pursuing the goal of fostering an inclusive culture, boosting innovation and facilitating networking among Employees, they promote initiatives and positive changes to the benefit of the community.and of the Group
- For the second year in a row, Crédit Agricole Italia sponsored #RUNFORINCLUSION, a non-competitive run serving the purpose of enhancing uniqueness. The run took place in Milan on 23 and 24 September 2023, with a rich programme of meetings, talks, initiatives and activities.
- The new People Care Brochure was published, which contains all the Group's initiatives to provide support to its employees in the D&I, Welfare and Wellbeing, Family, Sustainability and CSR scopes.

Thanks to the activities described above Crédit Agricole Italia obtained the certification of its gender equality management system in compliance with the requirements laid down by the reference standard (UNI/PdR 125:2022). The certification, which was issued by Bureau Veritas, is evidence of the ongoing commitment of the Group to diversity and inclusion matters and values.

Return to work and job retention rate after parental leave (401-3)		2023	2022	2021
Number of employees that are entitled to parental leave	No.	3,667	4,294	4,079
- of which women	No.	1,890	2,240	2,090
Number of employees that applied for parental leave	No.	1,026	726	795
- of which women	No.	725	550	595
Number of employees that returned to work after parental leave maintaining at least the same position	No.	972	682	755
- of which women	No.	684	516	561
Number of employees that have returned to work after parental leave and are still employed 12 months after returning to work	No.	709	570	487
- of which women	No.	541	437	370
Rate of return to work of employees after parental leave	%	99.0	99.3	100
- of which women	%	99.3	100	100
Retention rate of employees that were on parental leave	%	97.0	98.6	99.0
- of which women	%	97.5	99.8	98.7

* 2021 figures do not include the information regarding the Credito Valtellinese.

Total number of incidents of discrimination and corrective actions taken (406-1)*		2023	2022	2021
Number of discrimination-related complains/disputes	No.	0	0	0
Number of employees involved	No.	0	0	0
Incidents of discrimination (406-1)				
Incidents of gender-related discrimination involving employees	No.	0	0	0
Incidents of age-related discrimination involving employees	No.	0	0	0
Employees involved in incidents of gender-related discrimination	No.	0	0	0
Employees involved in incidents of age-related discrimination	No.	0	0	0
Labour disputes				
Reporting entity as defendant	No.	13	22	29
Reporting entity as plaintiff	No.	14	7	11
Number of employees involved	No.	52	51	64
Disciplinary measures				
Reprimands	No.	35	29	49
Dismissals	No.	7	4	11
Information and awareness increase	No.	28	13	45

* The Group's employees that have been posted to foreign entities are not included in the reporting scope..

PEOPLE'S HEALTH, SAFETY AND WELLBEING

To meet the expectations of all the people of the Group, including new generations, Crédit Agricole Italia ensures that the work environment allows for the reconciliation of work and the private life of every individual and the full-range enhancement of wellbeing. This translates into policies for flexible working hours, support to parenthood and incentives for continuous training, as well as into initiatives psycho-physical wellbeing.

In 2023 the Banking Group obtained the Health Friendly Company (HFC) stamp from Fondazione Onda within the presentation of the 2023-2024 Network HFC awards the companies that stood out for their commitment to protecting the health and wellbeing of their employees or that have started on a path to that effect.

In the reporting year, the Bank implemented several **initiatives aimed at building a work environment that is healthy and focused on people's wellbeing,** including:

- The **Good Life,** initiative was carried out again, which aims at raising awareness about the importance of practising sports and having a healthy lifestyle, through the extension of various initiatives within the wellbeing Programme:
  - As regards Sports and Physical Exercise, in cooperation with Go!Athletic sport training continued, both online in person (at Green Life in Parma. and in Milan);
  - As regards Prevention and Health, thanks to the partnership with Stimulus, Fondazione Onda and Lifeed, in May a Plan to raise awareness about psycho-physical wellbeing went live, conveying educational contents proposed by the partners. This translates into a path in stages, with monthly publication of planners focusing on specific topics, from different standpoints.
- Along the already operational **Psychological wellbeing service** a Welfare new service went live, intended to give tangible help to all the people of the Group in coping with the various situations that may occur in daily life, in the work, personal and family spheres giving care. Specifically, the activity includes:
  - Psychological counselling, accessible calling a toll-free number or on a web platform, administered remotely by psychologists or psychotherapists expert in active listening, available 24h/7 to the Group's people and their families;
  - Welfare support service, accessible calling a toll-free number, administered by psychologists and care managers, who provide support in searching for the welfare solutions that are the most suitable to meet the needs of each user, assisting the caregivers with the help of qualified professionals.

Having regard to welfare, a material event in 2023 was the renewal of the Italian national collective bargaining agreement applying to the Group, with the related negotiations with the Trade Unions at a national level which affected also the negotiations inside the Group. During the year, 70 meetings with the Trade Unions were held and led to the signing of Agreement at the Banking Group level: the most important ones concerned: the go-live of initiatives promoting policies and tangible actions to strengthen and fine tune our corporate welfare, giving evidence of the Group's attention to and care for its employees.

In January 2023 some agreements were finalized on a package of tangible measures to ensure continuous support to our employees and to strengthen their purchasing power. Specifically, it was decided to award an extraordinary welfare contribution in an amount of 500 Euros to all personnel, the subsidized banking conditions were improved as regards the floating rate reserved for mortgage loans for the purchase of the first residence and on full-documentation loans, in order to further mitigate the impact of the hikes in interest rates, with yet another actions deployed in the second part of the year. Having regard to healthcare, after increasing, at the beginning of the year, the contribution given to employees by100 Euros, up from 700 to 800 Euros, in November the two-year healthcare policy was renewed keeping the coverage and benefits unchanged, paying another 50 Euros on the 2025 premium.

The agreement of the 2023 corporate bonus signed in November - with an average amount of 1,550 Euros, of which 900 Euros in cash and 650 Euros in welfare credit, which can increase to 1,900 Euros if totally converted into welfare - gave again evidence of the centrality of the welfare enhancement solution, with the purchase of "coupons" and additional "Welfare credit" awarded to all eligible personnel. Furthermore, the agreement provisions aimed at maximizing the use of the welfare credit were confirmed, undertaking to assess their applicability with regard to any future share-based plans.

Lastly, very material was the agreement that established an extraordinary contribution of 100 Euros for daycare fees, given to the Group's employees for every child between 1 and 3 years old, starting from the 2023/2024 attendance year. The project goes alongside the partnership with Jointly within the «Scattered Daycare Facilities» project, under which the Group's employees have right of first refusal and a discount on the fees at the facilities in the network. Yet another important initiative to support parenthood followed the agreement on parental leave and has given 10 additional days of parental leave for 2023 and another 8 days as of 2024 00% paid to fathers that have used the mandatory parental leave, within the enhancement of social solidarity initiatives through corporate welfare.

As regards occupational health and safety, every Company of the Group refers to the Risk Assessment Document approved by the Employer and prepared with the help of the Head of the Prevention and Protection Service and of the Competent Physician. This document is updated in case the production process or the work organization undergoes significant changes that are relevant for the workers' health and safety. It is a strategic direction document implementing the Company's health and safety policy. This policy is based on the main principles given below:

- Continuing to protect workers' health and physical integrity, by providing them with high quality work spaces, and high quality equipment and processes;
- Continuing in the direction laid down by Article 28 of Italian Legislative Decree 106/09, l106/09, the assessment of both "risk factors" and "risk conditions;
- Pursuing a "precautionary principle" pursuant to Article 15 of Italian Legislative Decree 81/08, and to Article 2087 of the Italian Civil Code.

In 2023 the Bank rolled out a plan for material functional and organizational restructuring regarding the activities to manage this matter.
First, starting from the mission, the Physical Security Service is the only structure in charge of the protection of physical assets for the whole Group, including People's safety, with a risk-based priority approach.
Furthermore, for closer attention to the needs of the Network and of the regions, Regional Security and Safety Managers have been appointed.
The projects that were started, based on the risk analyses made, are first of all in line with the Medium Term Business Plan in force, with the strengthening of anti-intrusion systems, of video-surveillance and of the protection of safes and the like.
Also in terms of governance, an Operating Manual on Physical Access has been adopted and applies to the premises of the Crédit Agricole Italia Banking Group, also for the management of badges, in accordance with "least privilege" rules.

Besides the activities necessary to ensure full compliance with the applicable legislation on Occupational Health and Safety, in 2023 the initiatives supporting the Occupational Health and Safety Management System (OHSMS) continued to be deployed. The System was implemented in 2021 in accordance with the UNI INAIL guidelines, operates based on the cyclic sequence of the phases represented by the "Deming cycle" (Plan – Do – Check – Act) and applies to all corporate processes involved in occupational health and safety, in addition to defining the set of related controls.

The System consists in a set of documents:

- The Occupational Health and Safety Policy, which sets out the principles, the mission and the objectives comprised in the occupational health and safety action plan; furthermore, the Policy is an integral part of the Organization and Management Model under Italian Legislative Decree 231/2001 (Special Part Section D) adopted by the Companies of the Crédit Agricole Italia Banking Group.
- The Manual, which describes the methods and criteria with which the Occupational Health and Safety Management System is implemented, managed and reviewed; it also describes the organization, responsibilities and decision-making methods and it can be used to identify, implement and control all the activities that are relevant for Occupation Health and Safety in compliance with the UNI-INAIL guidelines;
- The Procedures, which, for each relevant activity and process, define the consistent assignment of responsibility and the related implementation methods; for each procedures the related performance indicators are also given.

In 2023 most of the aforementioned procedures were revised, consistently with the outcomes of the first review of the OHSMS carried out in 2022, and consistently also with the updating of the corporate processed concerned.

Average hours of overtime per capita (professional area)		2023	2022	2021
Professional area (job level) personnel	No.	6,916	7,013	7,138
Hours of overtime (for CAGS including those accrued at CRP/BPFA)	Hours	317,519	287,067	221,222
Average hours of overtime per capita (professional area)	No.	45.91	40.93	30.99

Absences by type (403-9)		2023	2022	2010
Disease	dd	83,111	103,196	73,197
Accidents	dd	2,470	2,555	2,379
Trade union leaves (excluding special scheme leaves)	dd	21,140	11,672	11,582
Law 104	dd	21,559	18,422	17,947
Strike	dd	227	57	212
Other (paid and unpaid leaves)	dd	1,132	556	838
Total	**dd**	**129,637**	**136,461**	**106,154**

Injuries at work (403-9)		2023	2022	2021
Accidents to employees				
Hours worked	No.	18,941,716	17,828,234.91	19,941,050
Accidents to employees	No.	118	90	91
Frequency rate of accidents to employees (by million of hours worked)		6.23	5.05	4.56
Deadly accidents to employees	No.	0	0	0
Frequency rate of deadly accidents to suppliers (by million of hours worked		0	0	0
Accidents with serious consequences (6 months, excluding deadly incidents for employees	No.	2	0	0
Frequency rate of accidents with serious consequences to employees (by million of hours worked)		0.11	0	0
Days lost for accidents	No.	3,816	3,990	2,815
Absenteeism rate	%	6.30	7.10	6
Accidents to suppliers				
Hours worked	No.	N.a.	N.a.	N.a.
Accidents to suppliers	No.	N.a.	N.a.	N.a.
Frequency rate of accidents to suppliers (by million of hours worked)		N.a.	N.a.	N.a.
Deadly accidents to suppliers	No.	N.a.	N.a.	N.a.
Frequency rate of deadly accidents to suppliers (by million of hours worked)		N.a.	N.a.	N.a.
Accidents with serious consequences (6 months, excluding deadly accidents)	No.	N.a.	N.a.	N.a.
Frequency rate of accidents with serious consequences to employees (by million of hours worked)		N.a.	N.a.	N.a.
Days lost for accidents	No.	N.a.	N.a.	N.a.
Absenteeism rate		N.a.	N.a.	N.a.

Thefts and robberies		2023	2022	2021
Robberies	No.	1	6	2
Thefts	No.	8	3	3
Attempted thefts	No.	12	14	2
Total	**No.**	**21**	**23**	**7**

07
ENVIRONMENTAL ASPECTS

SUPPORT TO THE ENERGY AND ECOLOGICAL TRANSITION

MANAGEMENT OF THE GROUP'S ENVIRONMENTAL IMPACTS

The environmental matters that GBCAI addresses are associated with two topics and main scopes.

On the one hand, the Group is working to develop its range of products and services, from mortgage loans to leases, supporting the ecological transition of the economic and social system and to establish them firmly on the market; on the other hand, the Group actively manages the environmental impacts generated by its business operations, with **special focus on enhancing energy efficiency and on the concomitant reduction of the carbon footprint generated by the management of both real estate assets and people.**

Its dedication is part of the wider strategic design of the Parent Company Crédit Agricole S.A., which joined the four Net Zero alliances i2021 and has therefore defined an important international decarbonization plan, setting the consumption and emissions in 2019 as the baseline and specific emission reduction targets for each company.

SUPPORT TO THE ENERGY AND ECOLOGICAL TRANSITION

In this scope, the Group is working to phase-in ESG factors in its lending policies and to take a range of ESG products and services to the market for individuals, businesses and sole traders, to support the energy performance upgrading of properties, lean energy production and green mobility. That range of products and services is offered also in partnership with other parties.

The lending policies refer to sectors that are considered "sensitive" for the environment in the Italian social and economic scenario. In this scope, lending is not allowed to enterprises engaged in coal, asbestos, oil and gas extraction via hydraulic fracturing. Furthermore, lending to extraction facilities based in natural reserves is limited, except for ecological transition and decommissioning/delocalization purposes.

Furthermore, no lending is admitted for energy production from steam coal, except for energy transition purposes or falling under national strategic plans.

In operational terms, in 2023 action was taken on the credit rating process with the go-live of the the integration of ESG requirements in the Electronic Loan Application Processing. With the **release of the new Customer ESG File,** the loan proposing and decision-making teams of the Bank have been given an advanced IT tool, i.e. a diagnostic digital tool meeting two needs:

- Identifying the main ESG risks in an immediate and effective manner, specifically sector risks and physical/climate-related risks that may impact on counterparty enterprises;
- Assessing individual risks through a guided approach consisting in exchanging views with the counterparty in order to verify the counterparty's ESG position, and then identifying any specific transition projects and preparing consistent financial support proposals to "assist" the counterparty in its transition to sustainability.

DEVELOPMENT OF PRODUCTS DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT

In the Corporate Banking segment, innovative products and services are developed within the "Sustainable Evolution" project and can be used to meet ESG needs and goals agreed on with the customer enterprises, both for individual enterprises and with a supply chain approach.

The product catalogue contains:

- "ESG linked" loans, featuring advantageous cost conditions related to a dynamic rewarding system, indexed to the improvement in the enterprise's ESG profile, whose parameters are regularly surveyed through an assessment questionnaire that the customer can complete digitally;
- Loans backed by SACE first demand guarantee, intended to support investments in the sustainability scope with targets and criteria defined by SACE, which assesses their admissibility and eligibility at its own discretion based on the expected benefits.

Customers are given the opportunity to use the **Supply Chain Finance Platform, which enables the Supply Chain Lead, i.e. the company at the top of the supply chain, to assess its supplier, offering an overview of the sustainability level of the supply chain as a whole.**

Thanks to the integration of the Supply Chain Finance platform with the ESG Scoring, the Supply Chain Lead can be the promoter of the sustainable transformation of its supply chain.

The main Supply Chain Finance products are the solution to support supply chains and facilitating their profitability recovery. Using the strategic lever consisting of the Dynamic Discounting and Confirming Services, the Supply Chain Lead can ensured further engagement of its suppliers to improve their ESG performances through financial incentives.

Specifically, the Supply Chain lead can agree to pay the invoices of its suppliers in advance in exchange for a discount through own liquidity (Dynamic Discounting) or through a credit line given by the Bank, in which the assigned debtor (the Supply Chain Lead) assigns the management of the transferred trade payable to its strategic suppliers to the bank (Confirming).

The Supply Chain Lead may also obtain a sustainability validation in accordance with the ISO standard from Bureau Veritas for the financial support given to its supply chain.

Under the 400 million Euros agreement that Crédit Agricole Italia signed with the European Investment Bank (EIB) to support new investments made by small and medium enterprises and farms, over 25% of the funds will be lent to finance the achievement of environmental sustainability and energy transition goals

In order to meet the main Customer and Prospect Enterprises and to talk about material topics for the Group, sharing new developments and solutions in various scopes, such as sustainability and Italy's Recovery and Resilience Plan, many «Coffee with Enterprises» events were held.

Having regard to the Retail Small Business segment, a line of "Scelgo Io" loans was created and a work group with the Corporate banking Department and Crédit Agricole S.A. was set up to design a shared action plan for the start of the energy transition for Small Business customers.

One of the most innovative services intended for customers in the Retail Individuals segment is the new one for home energy performance upgrading, which gives the diagnosis of the property energy efficiency and identifies the necessary works for its upgrading with the Green Building Energy Efficiency Simulator (BEES) made by CRIF. Thanks to the partnership with Harley&Dikkinson, a leading player in the energy efficiency upgrading sector, after the diagnosis, customers can be provided with a «turnkey» service including the works.

The Scelte di Valore prize contest, dedicated to Customers that take out the Crédit Agricole Greenback or Crédit Agricole a Rata Costante mortgage loans, also gives the possibility to obtain a monthly rebate on the mortgage loan repayment instalment in case of purchase of our products promoting sustainable behaviours.

LEASE SOLUTIONS

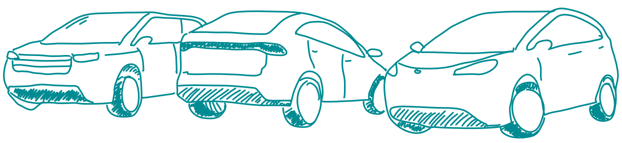
As regards leases, **Crédit Agricole Leasing Italia ranked, for the fourth year in a row, the no-1 Italian players by financed amount of energy systems from renewable sources.**

The Renewable Energy range of solutions includes leases of photovoltaic plants, wind farms and biomass/biogas plants.

Amongst the main transactions closed in 2023, in synergy with Crédit Agricole Italia, worth mentioning are:

- A 14 million Euros lease in favour of Solar Ventures, a company specializing in the development and management of utility scale photovoltaic plants in Italy and Spain, which will enable the construction of five photovoltaic plants - in Sardinia, Veneto, Lombardy and Piedmont - with total installed power capacity of 10.6 MW;
- A 14.5 million Euros lease in favour of Biometano SB, a company of the Belenergia Group, which operates in Italy and abroad producing methane gas from alternative sources, intended for the construction of a new biogas plant n the Municipality of Ronco all'Adige (VR) that, through the anaerobic fermentation of vegetable and zootechnical biomass, produces about 4,200,000 cubic metres of methane gas.

in addition to these solutions, there are the **green mobility** ones. In 2023, within the range of sustainable mobility products, Agos (a leading player in consumer credit, 61% of which is owned by Crédit Agricole through Crédit Agricole Consumer Finance and 39% by Banco BPM) and CALIT launched "Leasing Mobilità Green +Opzioni", a product for the leasing of new cars and commercial vehicles and 0 mileage cars having low environmental impact. With "+Opzioni" customers have the option of the lease early surrender (before its standard maturity of 60 months), choosing at which one of the pre-determined early surrender terms of 24, 36 and 48 months, as well as a tax benefit thanks to the shorter time in which the lease payment can be deducted than the standard amortization. Furthermore, the solution has no limit as to mileage.



RETAIL INDIVIDUALS products designed to deliver a specific environmental benefit (G4 - FS8)		2023
1) Loans to Individuals - Energicamente Gran Prestito	No.	8
	€	366,000
2) Loans to individuals - Gran Prestito Ristrutturazione (renovation)	No.	14
	€	555,000
4) Construction works tax credits	No.	2,442
	€	192,597,279
5) Crédit Agricole Mortgage Loan	No.	2,589
	€	419,682,628
Total RETAIL INDIVIDUALS products designed to a deliver a specific environmental benefit	No.	5,053
	€	613,200,907

RETAIL SMALL BUSINESS products designed to deliver a specific environmental benefit (G4 - FS8)		2023
1) Construction works tax credits	No.	839
	€	557,132,798
2) Loans originated to businesses with environmental sustainability-related purposes	No.	120
	€	17,002,724
Total RETAIL SMALL BUSINESS products designed to a deliver a specific environmental benefit	**No.**	**959**
	€	**574,135,522**

The figure includes also the transactions regarding the Energicamente Business product, distributed by the Corporate Banking channel for the Retail Banking Small Business segment.

CORPORATE BANKING products designed to deliver a specific environmental benefit (G4 - FS8)		2023
1) Construction works tax credits	No.	3,328
	€	201,709,797
3) Loans for energy efficiency and renewable energy	No.	2
	€	4,600,000
Total CORPORATE BANKING products designed to a deliver a specific environmental benefit	**No.**	**3,330**
	€	**206,309,797**

Total value of the products designed to deliver a specific environmental benefit (G4 - FS8)		2023
Retail products		
Total value of Retail products	€	6,047,318,877
Total value of retail products designed to deliver a specific environmental benefit	€	1,187,336,428
% value of retail products designed to deliver a specific environmental benefit over total retail products*	**%**	**19.63%**
Corporate banking products		
Total value of Corporate Banking products	€	2,544,953,017
Total value of Corporate Banking products designed to deliver a specific environmental benefit	€	206,309,796
% value of Corporate banking products designed to deliver a specific environmental benefit over total Corporate banking products*	**%**	**8.11%**

* The Total Value of Retail Banking Products designed to deliver a specific environmental benefit includes the products listed in tables: a) RETAIL SMALL BUSINESS products designed to deliver a specific environmental benefit and b) RETAIL INDIVIDUALS products designed to deliver a specific environmental benefit The percentage of RETAIL products designed to deliver a specific environmental benefit is the ratio of the total value of products designed to deliver a specific environmental benefit to the total value of the products originated in the year in RETAIL banking.

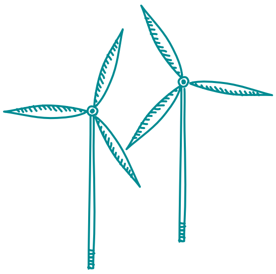
** The Total Value of Corporate Banking products designed to deliver a specific environmental benefit includes the products listed in table. Total CORPORATE BANKING products designed to a deliver a specific environmental benefit The percentage of CORPORATE BANKING products designed to deliver a specific environmental benefit is the ratio of the total value of the products designed to deliver a specific environmental benefit to the total value of the products originated in CORPORATE BANKING .

Leases (G4-FS6)		2023	2022	2021
Equipment leases				
Portfolio	K€	1,591,733	1,382,450	1,107,834
Amount financed	K€	759,634	847,073	656,959
Operating lease				
Portfolio	K€	3,466	750	783
Amount financed	K€	3,244	189	504
Motor-vehicle leases				
Portfolio	K€	390,987	279,699	194,130
Amount financed	K€	250,982	207,718	108,082
Real estate leases				
Portfolio	K€	846,467	909,454	758,872
Amount financed	K€	170,847	133,639	125,273
Boat leases				
Portfolio	K€	53,897	55,100	52,780
Amount financed	K€	17,581	39,075	6,191

Energy leases (G4 – FS8)		2023	2022	2021
Portfolio				
Wind farms	K€	30,626	32,736	28,189
Biomass plants	K€	12,148	6,259	7,066
Cogeneration plants	K€	2,635	3,656	4,866
Photovoltaic plants	K€	100,471	102,899	77,535
Hydroelectric power plants	K€	43,249	49,541	43,556
% over total loans				
Wind farms	%	1	1.2	1.24
Biomass plants	%	0.4	0.2	0.31
Cogeneration plants	%	0.1	0.1	0.21
Photovoltaic plants	%	3.3	3.6	3.41
Hydroelectric power plants	%	1.4	1.8	1.91
Amount financed				
Wind farms	K€	2,344	1,059	2,784
Biomass plants	K€	14,813	0	2,293
Cogeneration plants	K€	13	0	1,052
Photovoltaic plants	K€	84,875	25,822	12,146
Hydroelectric power plants	K€	5,720	0	9,650
Number of projects financed				
Wind farms	No.	7	1	10
Biomass plants	No.	3	0	1
Cogeneration plants	No.	1	0	2
Photovoltaic plants	No.	88	36	10
Hydroelectric power plants	No.	1	0	1

MANAGEMENT OF THE GROUP'S ENVIRONMENTAL IMPACTS

The Group's direct environmental impacts result mainly from the energy consumption and the materials used to run the properties where the Group has its activities going on (for example, electrical energy, natural gas, diesel fuel) as well as fuels for its car fleet and, to a lesser extent, the consumption of resources used in day-to-day activities (for example paper and toners).



In compliance with its Energy Policy and as done in previous years, in 2023 the Crédit Agricole Italia Banking Group ensured that environmentally respectful management of resources.

This was done through a considerable reduction in its energy consumption (especially electrical energy and natural gas), thus also reducing polluting emissions, as well as through responsible use and consumption of paper and waste management aimed at the recovery of disposed materials.

It is worth noting that, in February 2024, the Firm completed and approved the voluntary project it had started in 2022 to set up an Environmental Management System (EMS) to be certified in accordance with the ISO14001:2015 standards, involving Crédit Agricole Italia, Crédit Agricole Group Solutions and CALIT and handled by the operational functions that are crosswise engaged in the management of all real estate assets of the Group.

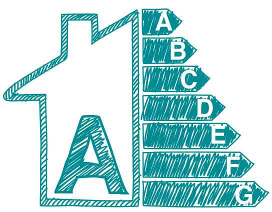
Specifically the Environmental Management System pursues the following goals:

- **Protecting the environment by preventing or mitigating negative environmental impacts;**
- **Mitigating the potential negative effect of environmental conditions on CAI;**
- **Supporting CAI in complying with its statutory and regulatory obligations**
- **Improving its environmental performances;**
- **Communicating the environmental information and choices both inside and outside the Bank;**
- **Promoting and disseminating an environmental protection culture;**

The project was recently approved by the Boards of Directors of the three Companies and was made official with a specific internal circular in February 2024.

ENERGY EFFICIENCY ENHANCEMENT

In 2023 the pandemic emergency proved fully past and gone and operations went back to normal in terms of occupation of the premises and work performed at our premises.



Therefore, it was deemed it appropriate to focus even further on energy management with fine-tuned setting of the running hours and settings of heating and air conditioning systems, in order to optimize their performances and consumption. The continuous monitoring of the Group's energy consumption was intensified and optimized; this activity is carried out collecting and analyzing daily consumption of electrical energy and gas at the headquarters and main premises, as well as analyzing the monthly energy bills of over one thousand buildings in the Group's perimeter. These activities ensure timely control of any anomalous consumption, in order for the problem to be addressed, energy efficiency to be enhanced and consumption to be reduced .

in addition to the above, positive impacts have been generated by the actions under the network optimization plan, under which about 105 branches were closed accounting for an occupied area of nearly 27.000m^2, with electricity consumption that, in 2023, went down by almost 1,100,000 KWh and natural gas consumption by nearly 30.000m³, thus reducing emissions by approximately 55 tons of CO_2.

Again within the actions on the network, additional benefits were generated by the completion of 9 actions for the rationalization of the occupied spaces at several multifunctional hubs in various cities (including Milan, Sondrio, Pordenone, Piacenza and Rimini), with the related areas decreasing by approximately 15,000m² and electricity savings of about 430.000KWhdi and natural gas savings of 30,000m³, with emissions down by approximately 60 tons of CO_2.

The Group also continued with its investments aimed at the revamping of its technological systems and upgrading of its lighting systems (relamping), prioritizing its sites that were more energy intensive and the less efficient ones, and promoting, wherever possible, the shift from technologies powered by natural gas to electricity powered ones, with heat pumps, and strengthening their telecontrol, where present.

In this scope, the following projects were started and completed:

- About 35 revamping projects, generating average annual savings vs. 2022 of nearly 40,000m³ of natural gas, preventing the emission of about 85 tons of CO_2;
- Over 15 relamping projects, which, thanks to the shift to Led lighting and, where technically useful, the installation of monitoring and control sensors, will result, when fully operational, in electricity annual savings vs. 2022 of approximately 150MWh.

Therefore, thanks to all the aforementioned activities, a material target was achieved, with electricity savings of nearly 13% and natural gas savings of 17% vs. the Group's consumption in the previous year, preventing the emission of over 1,000 tons of CO_2.

Energy consumption in the organization broken down by primary energy source* (302-1)		2023	2022	2021
Electrical energy***	GJ	199,819.8	231,995.3	218,954.7
Of which from certified renewable sources****	GJ	199,743.2	231,956.0	218,677.3
Natural gas	GJ	81,700.7	117,164.95	116,895.9
Self-produced electric power (photovoltaic power station, at Cavagnari day care, car park, other)	GJ	2,277.1	2,770.7	2,661
Diesel fuel for heating	GJ	2,428.4	2,783.5	3,209.1
LPG for heating	GJ	183.4	0.0	0.0
Diesel fuel for transport	GJ	16,226.3	19,055.8	18,002
Petrol for transport	GJ	7,064.8	3,408.1	1,975.3
LPG	GJ	0.0	33.0	19.4
Home electric power	GJ	200.9	104.6	22.7
Of which from renewable sources	GJ	124.3	65.4	22.7
District heating and district cooling	GJ	2,868.6	3,734.3	3,137.1
Total**	**GJ**	**312,645.6**	**380,945.6**	**364,854.4**

* The figure excludes the consumption regarding condo buildings pertaining to Crédit Agricole Italia, CA Group Solutions, CALIT and FriulAdria. For 2021 only the figure includes also the natural gas consumption of the former-CreVal: perimeter associated to the sites with whole-building heating systems (scope 2).

** Conversions into GJ have been made using the factors given in ABI 202 guidelines for 2021 data, ABI 2021 guidelines for 2022 data and ABI 2023 guidelines for 2023 data.

*** Includes emissions from electrical energy for traction purposes.

**** Consumption from non-renewable sources was, for 2022, electrical energy for traction purchased at recharge stations outside the Group's premises.

MOBILITY AND CARBON MANAGEMENT

A significant contribution to keeping emissions under control is given by self-consumption of electrical energy produced by the main photovoltaic plant owned by the Group, which is located at the **"Green Life" headquarters in Parma, and certified in accordance with the LEED Premium environmental quality standards,** along with another three photovoltaic plants, for a total installed power capacity of the Group of approximately 850KW. In 2023 the annual total energy production was of about 650MWh, in line with the figures for the previous years.

Furthermore, consistently with its green procurement policies, the Group reasserted its choice to have the entire electrical energy supply coming from renewable sources, with guaranteed origin, while the natural gas supply is to be carbon neutral given the CO_2 emissions offsetting units.

The choice of using electrical energy from renewable sources prevented the emission of about 15,000 tons of CO_2[7].

Another impact on emission is generated by people mobility. In compliance with the Italian applicable legislation on this matter, **in 2023 the Group implemented the measured under the Home-Work Travel Plans (HWTP)** adopted in 2022 for each one of its complex sites, that is sites where over 100 employees work). These plans aim at reducing car traffic, shifting home-work travelling by employees to sustainable mobility means alternative to the individual use of private motor vehicles, based on the analysis of their mobility habits/needs and on the public transport means available in the individual communities.

As regards the Company's fleet, in 2023 new charging stations were installed for electric/hybrid vehicles at the Group's main complex sites. These infrastructural works are intended to support the progressive replacement of all traditionally powered vehicles in the Company's fleet with hybrid or full electric vehicles. That action also includes the Company's cars for mixed use, i.e. the cars assigned to employee for work and private use, for which the employees are given the choice between hybrid vehicles (also plug-in) and "full electric" (for employees travelling less than 30,000 km/year).

In compliance with the applicable legislation, which requires it on a yearly basis, in the last months of 2023 the Crédit Agricole Italia Banking Group carried out the usual survey (through a questionnaire administered online) of the mobility habits and needs of its employees, and subsequently prepared the 2023 Home-Work Travel Plans (HWTP) for all its complex sites, setting out therein the benefits that can be achieved implementing the HWTPs and assessing the advantages they generate for the employees, for the Group and for the community (reduction in urban car traffic and in polluting/ GHG emissions).

7 The difference between tCO_2eq emissions in the atmosphere calculated with the location-based and market-based approach.

GHG emissions (305-1; 305-2)		2023	2022	2021
GHG emissions (scope 1 + scope 2 – Location Based)	**tCO_2eq**	**23,373.9**	**26,315.5**	**26,767.4**
GHG emissions (scope 1 + scope 2 – Market Based)	**tCO_2eq**	**8,444.7**	**9,487.3**	**8,681.8**
Of which from electrical energy (scope 2 - Location based)	tCO_2eq	14,938.9	16,833.3	18,121.2
Of which from electrical energy (scope 2 - Market based)	tCO_2eq	0.0	5.0	37.5
of which from natural gas	tCO_2eq	4,807.9	6,826.7	6,762.2
of which diesel fuel for heating	tCO_2eq	181.3	207.8	238.4
of which LPG for heating	tCO_2eq	12.2	0.0	0.0
Of which from district heating and district cooling	tCO_2eq	166.9	0.0	0.0
of which from diesel fuel for motor vehicles	tCO_2eq	1,205.0	1,408.7	1,339.1
Of which from petrol	tCO_2eq	519.8	249.1	146.3
Of which LPG	tCO_2eq	0.0	2.2	1.3
of which from electricity for motor vehicles* (Location Based)**	tCO_2eq	9.8	7.6	1.9
of which from electricity for motor vehicles (Market Based)**	tCO_2eq	0.0	5.0	0.0
of which from GHG fluids, R410a gas	tCO_2eq	467.8	189.9	21.5
of which from GHG fluids, R407c gas	tCO_2eq	318.4	483.15	94.6
of which from GHG fluids, other gas	tCO_2eq	755.8	114.64	40.9

* Electricity for traction is already included in “from electrical energy”.

** In 2022 the calculation of energy consumption for traction from renewable sources was fined-tuned as to methods and, therefore, the figure is not comparable to those of the previous years.

PROCESS DEMATERIALIZATION

In 2023 a tendering procedure was carried out and the contract was awarded regarding the procurement and e-procurement management of printed documents and paper consumables with green features (e.g., products made from regenerated or recycled materials, with FSC, BPA free, Blauer Engel, Pentel Green Label certifications and the like) and with the option to receive the certification from the manufacturer.

Thanks to the progress in the digitalization processes implemented in the year, the Group progressively reduced the use of paper forms and stationery and, effective as of 2024, will reduce also the use of recycle paper..

Materials used by weight or volume (301-1; 301-2)		2023	2022	2021
Recyclable materials				
Paper	Kg	840,152	882,191	928,778
- of which recycled	Kg	775,463	774,600	847,154
- of which forms	Kg	60,286	95,470	72,834
Other (paper/cardboard stationery, plastic containers)	Kg	39,564	23,781	20,783
Non-recyclable material				
Stationery	Kg	38,051	60,762	51,920
IT materials (especially toners)	Kg	1,458	1,999	15,371
Total	**Kg**	**920,841**	**968,733**	**1,057,051**
GHG fluids, R410a gas	Kg	224.1	148.6	22.9
GHG fluids, R407c gas	Kg	179.5	204.5	168.1
GHG fluids, other gas	Kg	496.7	62.2	18.4

Waste generated (306-3)*		2023	2022	2021
Non-hazardous waste	t	678.39	962.33	790.54
Hazardous waste	t	13.12	0	0

* The Group does not directly handle waste management, selecting waste management and authorized transport companies (special waste) that, based on the waste type, dispose or recycle the waste. Conversely, for office waste, similar to household waste, the Group disposes of it through the local council companies operating in the various locations.

Total water withdrawal by source (303-1)		2023	2022	2021
Water mains	Thousands of m^3	261.1	269.5	343.123
Water withdrawal from areas with water stress*	Thousands of m^3	0	0	29.586
From surface water (lakes, rivers, etc.)	Thousands of m^3	0	0	2.544
Of which fresh water	Thousands of m^3	0	0	2.544
Of which, other type of water	Thousands of m^3	0	0	0
From underground water	Thousands of m^3	0	0	26.923
Of which fresh water	Thousands of m^3	0	0	26.923
Of which, other type of water	Thousands of m^3	0	0	0
From the sea	Thousands of m^3	0	0	0.120
Of which fresh water	Thousands of m^3	0	0	0
Of which, other type of water	Thousands of m^3	0	0	0.120

* As regards withdrawals from areas with water stress, the 2021 figures represent an estimate made by reconstructing consumption based on assumptions by region/site, in compliance with "ABI Lab guidelines on the application to banks of the GRI (Global Reporting Initiative) universal standards on the environment". In 2022, no accurate analysis by region could be done. Therefore, it was decided to make an estimate based on a sample of 10 sites located in different areas, as the impacts from water withdrawals, or areas with water stress are not significant, given the type of organization

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APPENDIX 2/REFERENCES TO THE 2030 AGENDA

References to the UN 2030 Agenda for Sustainable Development

Goal	Target		Related material topics	Page
1. End poverty in all its forms everywhere	1.4	By 2030,ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services including microfinance	• Innovation and accessibility of the model • Bank and regions • Savings protection • Financial education	83, 88-89
2. End hunger and achieve food security and improved nutrition and promote sustainable agriculture	2.3	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and nonfarm employment.	• Innovation and accessibility of the model • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	90
4. Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all	4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	• Bank and regions • Centrality of people	113
5. Achieve gender equality and empower all women and girls	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision- making in political, economic and public life.	• Bank and regions • Role of credit in sustainable development • Centrality of people	114
7. Ensure access to affordable, reliable, sustainable and modern energy for all	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix.	• Climate change and real estate properties	132
	7.3	By 2030, double the global rate of improvement in energy efficiency.	• Climate change and real estate properties	33, 137

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References to the UN 2030 Agenda for Sustainable Development

Goal	Target		Related material topics	Page
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour intensive sectors.	• Innovation and accessibility of the model • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	78
	8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services.	• Innovation and accessibility of the model • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	85
	8.8	Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.	• Centrality of people	104
	8.10	Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all.	• Innovation and accessibility of the model • Bank and regions • Entrepreneurship and agri-food supply chain • Role of credit in sustainable development	84
10. Reduce inequality within and among countries	10.2	By 2020 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	• Bank and regions • Centrality of people	96-97, 120
11. Make cities and human settlements inclusive, safe, resilient and sustainable	11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	• Bank and regions • Climate change and real estate properties	83, 131
	11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	• Bank and regions • Climate change and real estate properties	92
13. Take urgent action to combat climate change and its impacts	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	• Bank and regions • Climate change and real estate properties	96, 132
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.4	By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.	• Innovation and accessibility of the model	65
	16.5	Substantially reduce corruption and bribery in all their forms.	• Innovation and accessibility of the model	72
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	17.16	Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	• Innovation and accessibility of the model • Bank and regions • Role of credit in sustainable development • Climate change and real estate properties	30, 92, 95

APPENDIX 3/TCFD

GOVERNANCE	
Responsibility of the management body in the definition of a risk management framework specifying the roles vested with oversight and implementation of the climate strategy	In terms of Governance, sustainability topics are overseen by two Board Committees: the Sustainable Development Committee, chaired by Chairman Fassati, which assesses the Group's Sustainability Policies proposed by the Managerial Committee, submits them to the BoD for approval and monitors the preparation of the NFS; the ESG and Sustainability Managerial Committee vested with the functions of promoting, approving and overseeing sustainability-related strategic plans and initiatives; In accordance with the Bank of Italy's hybrid model, a pivotal structure liaising between the Committees and the Functions of the Bank, the Sustainability Business Unit, and ESG Owners have been identified and appointed in the Bank Functions and report on a dotted line (except for Control Functions) to the Sustainability Business Unit. The Risk and Internal Control Committee is the Group Committee coordinating the Control Functions (Audit, Compliance, Risk Management and Permanent Controls) and overseeing the internal control integrated system, in compliance with the procedures adopted by the Crédit Agricole Italia Banking Group. The Committee's mission includes discussing and resolving on the risk topics pertaining to each Control Function.
Approach adopted by the management Body to address the short-, medium- and long-term effects regarding climate-related and environmental factors and risks in the business lines and internal control functions	The ESG and Sustainability Managerial Committee prepares the half-yearly reporting to the Sustainable Development Committee and to the Direction de la Responsabilité Sociétale et Environnementale (DRSE) of Crédit Agricole S.A. and, as a rule, the annual reporting to the Board of Directors of Crédit Agricole Italia. The Sustainable Development Board Committee supports the Board of Directors in assessing and in analyzing in depth sustainability topics associated with the Bank's operations, as well as in approving the strategic lines and policies concerning ESG and Sustainability matters, including the cultural and social responsibility model and fight against climate change, contributing to ensuring the best possible management and control of risks and taking into account the objective of sound and sustainable value creation for all stakeholders. The Committee receives the information and reporting that shall be sent by the ESG and Sustainability Managerial Committee and has the right to access all corporate information as necessary to perform its duties. The Committee exchanges the information that is mutually relevant with the other Board Committees, with the Board of Auditors and, where appropriate, coordinates with them for the performance of the respective duties. Furthermore, once a year the Committee reports on the activities it performed and on the opinion issued to the Board of Directors. In 2022, specific responsibilities for ESG matters were assigned in the Service Regulations of the control functions and business lines.
Guidelines and frequency of reporting information concerning climate-environmental risk	• On half-yearly basis, it reports the outcomes of the monitoring of multi-year action plans designed to to progressively reach compliance with the ECB's 13 expectations and the Bank of Italy's 12 expectations to the relevant Corporate Committees. The outcomes of the monitoring of the ECB expectations are sent also to the Parent Company. • Internal reporting has been structured representing the exposures to climate-related risks – both physical and transition ones – and environmental risk, which are reported to the Board on a quarterly basis. The assessment covers both loans backed by collateral and unsecured ones, and risk levels are assigned using the place hazard mapping of the Italian territory.

continues

GOVERNANCE

Alignment of the remuneration policies to the organization's objectives regarding climate and environmental risks	The remuneration policies of the Crédit Agricole Italia Banking Group are defined in compliance with the principle of "consistency to the approach to climate and the environment (and to the related risks)" and of "alignment with the ESG objectives of the Crédit Agricole Italia Banking Group". This principle provides for the Remuneration Policy to contribute, by deferring payment of the remuneration variable part and defining specific performance criteria, to promoting a long-term approach for the management of climate and environmental risks, in line with the Group's risk appetite and strategy. In this context, in order to encourage behaviours that are consistent with the Parent Company's approach to climate-related and environmental risk and with the guidelines on energy transition, ESG qualitative indicators are implemented in the incentive systems applying to employees, the achievement of which contributes to the determination of variable remuneration. Specifically, the Crédit Agricole Italia Banking Group's ESG goals aim at: taking into account the Group's long-term interests, stimulating behaviours that are consistent with its approach to environmental, social and governance risks (which have also been integrated in the internal governance arrangements),preventing any conflicts of interest in business decision making, supporting the achievement of an appropriate risk culture. More details about the inclusion of ESG factors in the personnel remuneration systems are given in paragraph "E.S.G. (Environmental, Social and Governance)" of document "Remuneration Policies of the Crédit Agricole Italia Banking Group – Year 2023" which is available on the Group's website.

STRATEGY

Corporate strategy on the inclusion of climate-environmental risks and factors, in order to manage risks and opportunities impacting on the corporate scenario, on the business model and on short-, medium- and long-term financial strategy and planning.	In order to comply with the national and EU legislation and with self-regulation provisions (i.e. the ECB Guide on climate-related and environmental risks, the bank of Italy's Supervisory expectations, the EBA Guide on Loan Origination and Monitoring and with the Net Zero Banking Alliance commitment), in line with the Parent Company, the Bank has set Sustainability as one of the pillars of its Business Plan and is continuing with the inclusion of ESG factors in its strategies, processes and products, in order to control, manage and monitor climate-related and environmental risks The inclusion of ESG factors in its Lending Policies and Processes is a key step forward on this path. The main actions taken are broken down below. • Implementation of Policies on "Environmentally-sensitive" sectors, which transpose the CSR Sector Policies of Crédit Agricole S.A. Adapting them to the Italian social and economic background. In this first phase, the policy lays down limitations to loans intended for extraction activities (Coal, Asbestos, Oil and Gas Gas from oil shales and in the Arctic) and for energy production from steam coal; • The adoption of a Quantitative Approach that provides for these two solutions: the correction of the weights used for authorized amount weighted by ESG factors (sectoral and counterparty risks), and the definition of minimum decision-making bodies for physical, climate-related, industrial, seismic and volcanic risks; • The use of a baseline questionnaire, a tool whereby a qualitative indication can be obtained of activation in terms of sustainability. • Implementation of the «ESG Customer File» , a tool containing all the ESG information wealth on a single counterparty. The ambition is for it to become the daily consultation tool for loan-proposing and decision-making teams to investigate Customers' ESG characteristics.

continues

STRATEGY	
	The features implemented in the ESG Customer File are listed below: • Georeferencing and mapping/monitoring of physical/climate risks (landslide, hydrogeological, seismic, volcanic, tsunami, industrial) of all the pieces of property pledged as collateral, of all legal persons, whether with outstanding credit lines or not, (registered office and operational headquarters) and of Industry, only if with outstanding loans, with external provider Masterinformation. The surveyed data, in quantitative and intensity terms, are then processes in order to determine the complexity indicators and intensity indicators, which are used in the lending process to determine the minimum decision-making bodies if the critical thresholds are breached. • Use and adoption of the Materiality Matrix of SASB (Sustainability Accounting Standard Board) and of the related Technical Notes (Disclosure Topics) to identify and analyze ESG risks associated with the economic sectors our Customers (enterprises) operate in. SASB is a nonprofit organization that sets specific standards and indicators to enable third parties (e.g. credit institutions, enterprises) to use the sustainability information that is financially relevant in their internal processes. The matrix identifies 26 variables (11 environmental ones, 10 social ones and 5 governance-related ones) that are considered material in 11 economic macro-sectors and in 77 related sub-sectors identifies the issues that are material for each sub-industry. Based on the total number of issues and on their weight, a sectoral ESG score is calculated for the enterprise under analysis. • Acquisition and use of the output obtained from the Inside-out analysis (administration of a qualitative questionnaire of 55 questions) by Cerved to define a Counterparty ESG score in the assessment of creditworthiness and of the outside-in analysis, a quantitative score with the collection of public information on a massive basis, supplemented and weighted to obtain an ESG score on the counterparties (Corporate Banking and Small Business). • Calculation of GHG emissions: Scope 1 the reporting entity's direct emissions Scope 2 indirect emissions produced outside the reporting entity. • After the materiality screening of physical risks on the pieces of property pledged as guarantee
Describe the resilience of the Bank's strategy in the various climate scenarios	Following the participation in the first stress test exercise on climate risk in 2022 and the publication of the results by the ECB, which showed that the Banking System as a whole needs to expand and strengthen the collection and management of climate-related data, in 2023 the Group carried out important projects aimed at recovering, building and managing that information, both through internal activities and entering into contracts for the supply of external data, where no accurate information could be recovered from customers. In Q4 2023 the Group was involved in the information collection within the Fit-For-55,exercise on data as at 31 December 2022. Those data and information will be used to carry out a centralized climate stress testing exercise coordinated by the ECB as mandated by the European Commission; the Commission is interested in assessing and anticipate the shocks on the financial system subsequent to the commitments undertaken by the 27 Member States within the EU Green Deal, which provides for a 55% reduction in emissions by 2030 (vs. the 1990 levels). The Commission hopes to receive the exercise results by the end of 2024 and Q1 2025.

continues

STRATEGY	
Describe the activities for the origination of sustainable financing, present and future, and the related assessment frameworks	In 2022 the Group started on a multi-year path towards the inclusion of ESG factors in its credit rating processes. That path has been designed by updating the Lending Policies and by defining a specific framework that provides for an approach structured into three steps to serve and assist the counterparties in their evolution towards a sustainable transition. Specifically: • Step 1, Diagnostics; it aims at identifying the potential credit and ESG risks that may impact on the counterparty and use of that information as the guiding line to keep the detected risks under control. To support step 1 the "ESG Customer File" was implemented, a new information tool that ensures the most capillary spreading of ESG information to all the levels in the lending process, starting from the proposing structures all the way up to the top decision-making body. • Step 2, the counterparty's ESG performance (Inside-Out ESG score); it aims at verifying the level of control on ESG risks by the counterparty; that performance is determined by processing the answers given to a specific questionnaire administered to the counterparty whereby the Environmental (E), Social (S) and Governance (G) scopes are thoroughly investigated; • Step 3, Alignment; it aims at verifying whether the activities and investments deployed o planned by the counterparty are consistent with a transition path to sustainability.
Describe the policies and procedures regarding direct or indirect involvement with counterparties on their strategies fit to mitigate and reduce climate risks	Along the path started in 2022 directed to the inclusion of ESG factors in the processes to assess creditworthiness, physical/climate risks have been especially focused on, both in order to respond to the expectations of the European Banking Authority (EBA), and also because of the materiality that those risks may have in the control of lending. In this regard a process has been designed for regular mapping of 6 risks (landslide, hydraulic, industrial, tsunami, seismic and volcanic) on all counterparties (legal and natural persons) with active accounts (both borrowers and non-borrowers) and on all pieces of property (commercial and residential) pledged as guarantee for mortgage loans and/or other loans. The information resulting from the mapping is processed into two indicators (complexity and intensity) and made available in the ESG File (Step 1 - Diagnostics) and in the ESG Section of the Electronic Loan Application Processing. To manage and keep those risks under control, Minimum Decision-making Bodies are identified if thresholds that are deemed "critical" are breached and appropriate verifications of structural control on the counterparty are implemented (Step 2 - Counterparty ESG Performance).

continues

RISK MANAGEMENT	
Describe the approach to manage the short-, medium- and long-term effects of climate-environmental factors and risks in the framework of traditional risks	Climate risks are included in the set of material risks for the Group and, in accordance with the instructions given by the Parent Company and with the supervisory setting, they are considered as risk factors that may affect or worsen the traditional prudential risks (credit, market, operational and liquidity risks) and other existing risks. Acute physical risks occur and are material also in the short term, whereas transition risks have a long-term time horizon and depend on the transition time frame and methods. The CAI Group is implementing its action plans in compliance with the Supervisory Authority's expectations through several organizational, training, commercial, management and application-related actions (specific governance, risk strategy, organizational structure, model of the three lines of defence, compensation, development of IT applications, data collection, monitoring and reporting). The control activity uses the arrangements and devices already in place to measure the exposure to pillar 1 and 2 risks..
Processes implemented to identify, measure, manage and monitor assets and exposures (and guarantees where applicable) that are sensitive to environmental risks, covering the pertinent transmission channels	Collateralized loans and the related real estate guarantees undergo periodic analyses aimed at quantifying the exposure to physical and transition risks. Specifically, physical risks are defined starting from hazard maps of the Italian territory, and transition risks are defined based on the industries where the counterparties operate and on the energy efficiency of the properties pledged as guarantees. In order to fine-tune the analyses, data and qualitative and quantitative assessment (scores) have been obtained from external providers to supplement those already available in the Bank's systems. The outcomes of the analyses of physical and transition risks are reported on a quarterly basis to the relevant Corporate Committees and are assessed in order to identify the customers to be addressed on a priority basis - in accordance with the physical and transition risk they are exposed to - in order to define specific actions lines and actions.

METRICS AND TARGETS	
Monitoring metrics and objectives included in the corporate strategy for the assessment and management of climate and environmental opportunities and risks.	Having specific regard to the NZBA, in 2021 the Crédit Agricole Group took the voluntary commitment to reach carbon neutrality in 2050 aligning its loan and investment portfolios to the Net Zero trajectories consistent with the Paris Climate Accord. In its capacity as an entity belonging to the Group, Crédit Agricole Italia directly participates in the Net Zero project and contributes to the achievement of the goals set together with Crédit Agricole S.A. Having joined the Net Zero Banking Alliance, Crédit Agricole Italia shall measure the baseline figure, define decarbonization goals and related strategies for ten carbon-intensive sectors, such as: commercial real estate, residential real estate, agriculture, energy production, automotive, oil and gas, steel, cement, sea transport and aviation. Crédit Agricole Italia focuses especially on three sectors: Commercial Real estate, Residential Real Estate and Agriculture. The progress in the activities and actions plans to meet the ECB expectations on climate-related risks is assessed, every six months, through a specific indicators defined by the Parent Company."
Please, disclose emissions and related associated risks	See pages 55 and 137.

INDEPENDENT AUDITORS' REPORT

pwc

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of legislative decree no. 254/2016 and article 5 of CONSOB regulation adopted with resolution no. 20267 of January 2018

To the board of directors of Crédit Agricole Italia SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Crédit Agricole Italia SpA and its subsidiaries (hereinafter the "Crédit Agricole Italia Banking Group " or the "Group") for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, and approved by the board of directors on 19 March 2024 (the "NFS").

Our review does not extend to the information set out in the section titled "EU TAXONOMY - DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION (EU) NO. 2020/852" of the Group's NFS, required by article 8 of Regulation (EU) 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereafter the "GRI Standards") which they identified as the reporting standard.

The directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error or to unintentional behaviors or events.

Moreover, the directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group's activities, development, performance and related impacts.

Finally, the directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less extended than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.
The procedures performed on the NFS were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures*:*

1. analysis of the relevant matters reported in the NFS in relation to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation perimeter, in order to assess their compliance with the Decree;
3. understanding of the following matters:
   - business and organisational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
   - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

   With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under item 4 a) below;
4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Crédit Agricole Italia SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence,
  b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following companies, Crédit Agricole Italia SpA and Crédit Agricole Group Solutions SCPA, which we selected on the basis of their activities and their contribution to the key performance indicators at a consolidated level, we consulted the managers and data owners and acquired documentary evidence regarding the correct application of the procedures and calculation methods used for the indicators.

Limited Assurance Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of Crédit Agricole Italia Banking Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with GRI Standards.

Our conclusions above do not extend to the information set out in the paragraph titled "EU TAXONOMY - DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION (EU) NO. 2020/852" of the Group's NFS required by article 8 of Regulation (EU) 2020/852.

Milan, April 5, 2024

PricewaterhouseCoopers SpA

Signed By

Raffaella Preziosi (Partner)	Paolo Bersani (Authorised signatory)

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Share Capital: Euro 1,102,071,064.00 fully paid in
On the Business Register of Parma,
Taxpayer Identification Number and VAT Identification Number 02113530345,
Italian Banking Association (ABI) Code 6230.7 On the Italian 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 is subject to the management and coordination
of Crédit Agricole S.A.

CRÉDIT AGRICOLE