PRESS RELEASE

CRÉDIT AGRICOLE ITALIA BANKING GROUP: RESULTS AS AT 30 JUNE 2018

CONTINUOUS GROWTH IN PROFITABILITY: NET INCOME OF EURO 150 MILLION (+15% YOY)

SUPPORT TO HOUSEHOLDS AND BUSINESSES WITH PROGRESSIVE INCREASE IN LOANS (+2% vs. Dec. 2017[1]) AND IN ASSET MANAGEMENT (+2% vs. Dec. 2017), PLUS THE ACQUISITION OF 77,000 NEW CUSTOMERS

CONSTANT FOCUS ON CREDIT QUALITY WITH THE NPL STOCK DECREASING (-31% vs. Dec. 2017) AND COVERAGE RATIOS INCREASING

CONTINUING INVESTMENTS IN DIGITAL INNOVATION AND CUSTOMER CENTRALITY, CONSISTENTLY WITH THE BUSINESS PLAN

A POSITIVE CONTRIBUTION FROM THE THREE SAVINGS BANKS ACQUIRED AT THE END OF 2017, THEIR BUSINESS AND IT SYSTEM INTEGRATION AT AN ADVANCED STAGE

*In a macro-economic scenario that features signs of recovery alternating with uncertainty factors, **the Group has once again proved able to generate profitability as in the previous years**, making, **in the first half of 2018, a profit of Euro 150 million** vs. Euro 131 million in the first half of 2017 (up by +15% YOY).*

- ***Dynamic business activity:** the customer base increased by over 77,000 new Customers that were acquired in the first six months of the year, thanks to the growing contribution of the online channels, of the financial advisors network and of partnerships with renowned Italian universities. Three are the strengths of the business model:*
  - ✓ ***Continuous support to households** with an increase of +11% YOY[2] in the stock of home loans and a significant increase in consumer credit intermediation volumes of +16% YOY[3];*
  - ✓ ***Support to the real economy** with loans to businesses increasing by +3% YOY[3], and special focus on certain segments, such as the Agri-food one, with loans increasing by +5% vs. Dec. 2017, where the Group is becoming more and more a partner of choice;*
  - ✓ ***Development in asset management** driven by the insurance segment (up by +10% YOY), thanks to the increasing contribution of the financial advisors network, despite a shrinking market.*

  *Constant increase in the cooperation and synergies **with all the companies of the Crédit Agricole Italia Group,** in order to provide a wide and integrated range of products and innovative solutions to the advantage of all economic players.*

- ***Operating income increasing by +13% YOY thanks to the contribution of the 3 Banks acquired at the end of 2017, accounting for approximately 10%** of total revenues. Progressive increase in the weight of fee and commission income, which came to 46% of total income vs. 43% in the first half of 2017, driven by **asset management** (up by +16% YOY) **and insurance products,** substantiating the development in the services with higher value-added for Customers. Operating expenses proved well under control, continuing, on the one hand, the action to increase operating efficiency, to rationalize and transform the physical network, and, on the other hand, making considerable investments, amounting to over Euro 270 million since 2016, in line with the business plan.*

- ***Significant increase in volumes since the end of 2017: loans to customers*** have increased by *+2%[1]*, driven by the growth in both home loans and loans to businesses; ***asset management** has also increased by +2% vs. December 2017.*

- ***The progressive improvement in asset quality and reduction in the cost of credit have continued,** thanks to the implemented management actions that, together with the disposal of an NPL stock, have achieved a **31% decrease** in net non-performing loans (vs. Dec. 2017). Improvement in both the*

[1] Change excluding assets at amortized cost vs. the same figure as at 1 January 2018 after the application of IFRS 9.
[2] Stock of mortgage loans, including CR San Miniato and net of the contribution of CR Rimini and CR Cesena in 2018.
[3] Net of the 3 newly-acquired Banks (perimeter before the acquisition).

coverage ratio of the NPL portfolio (57.6% from 44.9%) and the weight of non-performing loans on total loans (4.4% from 6.3%).

- ***Moody's rating A3 has been confirmed**, at the highest level in the Italian Banking System. **Liquidity position** well above the regulatory requirements, with the LCR at 195% and **adequate capital strength** with the Total Capital Ratio at 14.9%.*

- ***Important projects were implemented, consistently with the digitalization strategy, focus on customers and business development,** in line with the ambitions set forth in the business plan:*

  - ✓ ***Evolution of digital and multichannel tools**, aimed at customer centrality and at the development of **innovative services featuring a global approach, in the perspective of a bank that is 100% human and 100% digital** (new technologies and smart processes, multichannel innovation, virtual branch, user-friendly bank, wide range of products that can be sold remotely);*
  - ✓ ***New and innovative logic for operations on site and focus on Customers, with the opening of several hubs in the communities the Group operates in**, supplementing the traditional branches and providing Customers with the possibility of having - close at hand and in a single place - all Crédit Agricole services;*
  - ✓ ***Crédit Agricole Green Life, the new headquarters of the Group opened,** which embody an innovative approach to worklife and to welcoming customers. The fully eco-sustainable and technologically-advanced complex houses about 1,500 employees, 55% of whom with a smart-working scheme;*
  - ✓ ***Staff development** with the entry of over 100 new resources, career paths and training plans (130,000 hours of training) and the provision of company welfare services aimed at improving the worklife balance.*

- ***Positive contribution given by the 3 Banks acquired at the end of 2017,** which have performed beyond expectations in the first half of 2018. The related tender offer was successfully completed, subsequent to which CA Cariparma now holds over 96% of the 3 Banks; their business and IT system integration is being finalized: **the merger into CA Cariparma of Cassa di Risparmio di San Miniato e Cassa di Risparmio di Cesena** has already been carried out, and Cassa di Risparmio di Rimini will be merged in September.*

Parma, Italy, 3 August 2018

On 25 July 2018, the Board of Directors of the Crédit Agricole Italia Banking Group, chaired by Ariberto Fassati and led by Giampiero Maioli, the Group CEO and Senior Country Officer of Crédit Agricole in Italy, acknowledged the business performance and financial results for the first half of 2018.

The Group's perimeter, as at 30 June 2018, consisted of Crédit Agricole Cariparma S.p.A.(parent company), Crédit Agricole FriulAdria S.p.A., Crédit Agricole Carispezia S.p.A., Cassa di Risparmio di Rimini, Cassa di Risparmio di Cesena (merged into CA Cariparma on 23 July 2018), Crédit Agricole Group Solutions S.C.p.A. and Crédit Agricole Leasing Italia S.r.l., all consolidated on a line-item basis.

GROUP FINANCIAL HIGHLIGHTS

Income Statement data

- Net income - Group share of Euro **150 million** (up by +15% YOY)
- Operating Income Euro **975 million** *(up by +13% YOY)*
- Operating expenses Euro **628 million** *(up by +25% YOY)*
- Cost of credit Euro **132 million** *(down by -14% YOY)*

Balance Sheet highlights

- Equity - Group share Euro **5.6 billion** *(up by +3% vs. Dec. 2017)*
- Loans to Customers Euro **44 billion** *(up by +2% vs. Dec. 2017[1])*
- Direct Funding Euro **50 billion** (down by -0.2% vs. Dec. 2017)
- Asset management Euro **34 billion** *(up by +2% vs. Dec. 2017)*

Group ratios

- Cost/Income ratio at **61.5%[4]**
- LCR at **195%**

[4] Underlying C/I net of ordinary and extraordinary contributions to support the banking system and of the expenses for the integration of the 3 Savings Banks.

INCOME STATEMENT: KEY PERFORMANCES FOR THE FIRST HALF OF 2018

The comparison vs. 30 June 2017 is affected by the change in perimeter, with the entry, at the end of 2017, of CR Rimini, CR Cesena and CR San Miniato, whose profits or losses were not recognized in the Income statement for the first half of 2017.

Net operating revenues came to Euro 975 million, increasing by +13% vs. the first half of 2017.

In a scenario featuring still modest economic growth and interest rates still negative, **net interest income** came to Euro 486 million, increasing by +5% vs. the previous financial year, also due to the different perimeter. Loans posted an increase in volumes, driven by new mortgage loans, but were affected by the pressure on lending rates; funding benefited from the decrease in volumes and in the cost of longer maturity forms.

Net fee and commission income, which accounted for 46% of total income, came to Euro 445 million, increasing by +20% YOY. This performance was driven both by fee and commission income from the traditional banking business and by fee and commission income from management, intermediation and advisory services; specifically, intermediation and placement of securities and distribution of insurance products benefited from the synergies with the Companies of the Crédit Agricole Italia Group operating in the insurance business (Crédit Agricole Vita and Crédit Agricole Assicurazioni) and in consumer credit (Agos).

The contribution to the Income Statement of the profit from **financial activities** (Euro 24 million as at 30 June 2018) increased by Euro 11 million vs. the previous year, thanks to the gains made on the security portfolio.

Operating expenses came to Euro 628 million, increasing by Euro 125 million vs. the previous year due to the change in the perimeter. This figure includes the structural increases in the investments provided for by the Business Plan, being offset by even more effective actions for the reduction of running costs. In addition to the expenses for the integration of the three banks, the figure also reports the contributions to the Single Resolution Fund and to the Italian National Resolution Fund. Net of non-operating expenses, the cost/income ratio is 61.5%[4].

The decrease in the cost of credit is one of the main factors for the Group's good performance in 2018: **net value adjustments of loans** came to Euro 132 million, down by -13% vs. the first half of 2017, despite the perimeter extension. In percentage terms, this ratio, which expresses the **cost of credit risk** (the ratio of the relevant adjustments recognized in the Income Statement to net loans to Customers), decreased to 60 bps from 68 bps as at the end of 2018, with increasing NPL coverage ratios.

The **net profit** came to Euro 150 million, increasing by +15% vs. the previous year. Moreover, this figure is net of the contribution to the Single Resolution Fund and to the Italian National Resolution Fund, as well as of the expenses for the integration of three Banks acquired at the end of December 2017.

BALANCE SHEET: KEY PERFORMANCES FOR THE FIRST HALF OF 2018

Total assets, as the sum of loans, direct funding and asset management, including the volumes resulting from the acquisition of the 3 Savings Banks, came to over Euro 133 billion.

Loans to Customers came to Euro 44.1 billion, increasing by +2% vs. the IFRS 9 pro-forma loans as at 1 January 2018, thanks to the progressive reduction in non-performing loans and to the increase in performing loans. This trend was driven by both the increase in the medium/long-term component (especially home loans to households, which accounted for 62% of total loans to Customers), and by loans intended for providing support to businesses.

The increase in volumes was achieved while keeping constant focus on **loan quality**, with the weight of net non-performing loans on total loans to Customers significantly decreasing in the reporting half-year (4.4% from 6.3% in Dec. 2017), as did the weight of net bad loans (1.9% from 2.7% in Dec. 2017), and with the NPL coverage ratio concomitantly increasing (57.6% from 44.9% in Dec. 2017) as did the bad loan coverage ratio (71.2% from 59.5% in Dec. 2017). The NPL stock could be controlled with effective actions aimed at decreasing the number of positions becoming defaulted and with the sale of an Unlikely-to-Pay stock (approximately 9% of total NPLs).

As at 30 June 2018, **direct funding** came to Euro 50.3 billion, in line with the same figure at the end of 2017, reflecting Customers' preference for more liquid forms of deposit, with an increase in current accounts and deposits of +1% vs. December 2017, and benefiting also from the placement of Euro 0.5 Bln worth of Covered Bonds at the beginning of the year. **Asset management,** the highest value component for Customers, came to approximately Euro 34 billion, with a +2% underlying increase vs. the end of 2017, despite the negative market performance in the reporting period.

Capital strength proved once again adequate, with the Common Equity Tier 1 at 10.85% and the Total Capital Ratio at 14.9%, in addition to a more than satisfying liquidity position.

Profile of the Crédit Agricole Italia Banking Group

Crédit Agricole operates in Italy, its second domestic market, with over 15 thousand members of staff and 4 million Customers, and accounts for Euro 67 billion worth of loans to the economy. Close cooperation between the companies operating in retail banking, consumer credit, corporate and investment banking, asset management and insurance enables Crédit Agricole to operate in Italy with a wide and integrated range of products, to the benefit of all economic players.
The Crédit Agricole Italia Banking Group operates in Italy with over 1100 points of sale in 11 Regions and is the sixth banking player by assets with over 10,000 employees and more than 2 million Customers.
www.credit-agricole.it

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