CRÉDIT AGRICOLE

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PRESS RELEASE

CRÉDIT AGRICOLE ITALIA BANKING GROUP: RESULTS AS AT 30 JUNE 2022 CONSOLIDATED NET INCOME: EURO 256 MILLION (+32% YoY ADJUSTED)

- **The results give once again evidence of the Crédit Agricole Italia Banking Group's constant ability to generate sustainable profitability. Net income hit Euro 256 million, net of the expenses associated with Creval acquisition (+32% YoY adjusted[1]).**

- **Thanks to the continuous growth in Customers' appreciation for Crédit Agricole Italia, substantiated by the Recommendation Index further improving, since the beginning of the year 82 thousand new customers have been acquired (+5% YoY).**

- **Good momentum in production, driven by a diversified business model: strong development in consumer credit intermediation volumes (up by +35% YoY); Euro 5 billion in Wealth Management products placed whereby assets under management increased by +2% vs. Dec. 2021 net of the market effect; Euro 1 billion in originated "Ecobonus" loans and non-life insurance premium income on the increase (up by +9% YoY).**

- **In H1 2022 operating income came to over Euro 1.2 billion, with fee and commissions income increasing (+1% YoY adjusted) and core revenues[2] in Q2 2022 progressively increasing vs. both Q1 2022 and Q4 2021. Operational efficiency enhancement continued with expenses decreasing (-4% YoY adjusted) due to the rationalization actions deployed as well as to the synergies resulting from Creval merger.**

- **Loan quality continued on its improving trend: gross and net NPE ratio at 3.4% and 2.1% respectively. Considerable decrease in adjustments of loans (down by -42% YoY adjusted) with the cost of credit at 33bps.**

- **Further strengthening of the already very sound capital position: the Total Capital Ratio increased to 18.8%[3] and the Common Equity Tier 1 to 13.1%[3]. High liquidity with the LCR at 283%. Once again the highest rating in the Italian Banking System (Moody's rating: Baa1 with stable outlook).**

- **Consistently with the new Medium Term Plan of Crédit Agricole – Ambitions 2025 – digital development goes on: the volumes of the remote transactions via the apps and web collaboration increased by 130% YoY and 80% of customers are now digital.**

- **More than 120 startups hosted in the three Le Village by CA Innovation Ecosystems in Milan, Parma and Padua, which is going to be opened in September.**
  11 new projects were published on CrowdForLife, the Group's crowdfunding portal, dealing with inclusion, education, healthcare, sports and culture, and the fundraising campaign for Ukraine went live in cooperation with Save The Children.

- **In the first half of 2022, about 290 people hired, in line with the "Next Generation" program, paying special attention to the diversification of the profiles. Strong focus on Diversity & Inclusion issues has been maintained, with the update of the "Charter of Respect," consolidating awareness of all components such as gender, age, nationality, sexual orientation, disability.**

- **Increasing focus on Sustainability, particularly on three themes of collective mobilization: acting sustainably for climate and transition to a low-carbon economy; strengthening social cohesion and inclusion, and facilitating an agri-agro transition.**

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Strong growth in profitability

The performance in H1 2022 gives evidence of the **Crédit Agricole Italia Banking Group's** ability to generate profits, as it did in the previous years, thanks to its balanced and diversified business model. **Consolidated net income** hit Euro **256 million (up by +32% YoY adjusted[1])** and came to Euro 235 million (up by +28% YoY[4]) including the expenses resulting from Creval acquisition.

Support to businesses and households

In H1 2022 commercial activities performed well across the main business lines, being strengthened also by the progressive alignment of Creval commercial operations to the Group's standards. In H1 2022 Customers' appreciation for Crédit Agricole Italia also continued to grow, with the Customer Recommendation Index further improving. Here below is there the evidence:

- Growth of the customer base with 82 thousand new customers acquired (up by +5% YoY), of whom 46 thousand acquired just in Q2;
- Euro 5 billion worth of wealth management products placed, with a balance asset mix between the bancassurance segment (Euro 2 billion) and the asset management one (Euro 3 billion);
- Marked increase in consumer credit intermediation volumes (up by +35% YoY and by +21% Q2/Q2) and in non-life insurance premium income (up by +9% YoY), benefiting from process digitalization and from stronger insurance advisory services;
- Euro 1 billion in originated loans linked to the "Ecobonus" tax credits (an amount 2.2 times the one as at Dec. 2021);
- Strong innovation boost with distance selling that accounted for 35% of total sales in H1 2022.

In order to be able to further strengthen its positioning in the **Agri-Agro** business, on which CAI already has a market share of almost 8%[5], a new Business Unit dedicated to the integrated development of this sector and the related supply chains was set up in H1 2022. During the first half of 2022, important agreements were also finalized with various reference associations in the agricultural sector, both to support the water emergency and the cost of raw materials, and to support the energy-ecological transition of farms through new dedicated products.

Performances in terms of volumes:

- **Loans to customers** driven by the Agri-food segment, which is core and distinctive for the Group and continued to grow with loans up by +4% vs. Dec. 2021. The mortgage loan market share also increased at 7.0%[5], with the share of the new mortgage loan applications up by 90bps vs. Dec. 2021.

- **Assets under management** were negatively affected by the performance of the financial markets. Net of the market effect, the AuM stock increased by +2% vs. Dec. 2021, driven by growing net inflows (up by Euro +1 billion since the start of the year), and by the bancassurance component, which contained the decrease vs. the market trend;

- **Direct funding** was mainly affected by the decrease in its less stable components, consistently with the liquidity optimization strategy deployed, while individuals deposits essentially stable.

Growth of revenues and expenses under control

Operating Income slightly decreased (down by -1% YoY adjusted[6]) albeit **progressively improving during the year**: core revenues[2] for Q2 2022 increased both vs. Q1 2022 (+2.1%) and vs. Q4 2021 (+1.1%). **Fee and commission income** performed well (up by **+1% YoY adjusted**), reaching a weight of over 50% on core revenues, giving evidence of the development in services as proof of higher added value to customers; all the main segments grew, with a marked increase in the **traditional banking business component (up by +7% YoY adjusted)**.

The **adjusted operating costs decreased by -4% YoY**[1], thanks to the effective management policy deployed to keep expenses under control, as well as to the increasing synergies resulting from Creval merger into Crédit Agricole Italia completed in April 2022. Operational efficiency improved with the **cost/income ratio** coming **to 59.6%**[7].

Focus on asset quality and capital strength

The adjusted cost of credit markedly decreased (down by -42% YoY vs. H1 2021), thanks to new positions entering the default status at extremely low levels, with a subsequent improvement in the weight of adjustments on loans coming to **33bps.**

The weight of net non-performing loans on total loans came to 2.1%, while **the weight of gross non-performing loans** came to **3.4%**. Ante representation of the accounting rules concerning financial assets classified as POCI[8], **the coverage ratio of the non-performing portfolio remained stable at 53.3%**, while the coverage ratio of **bad loans** came to **77.3%.**

Further strengthening of the capital position, **which benefited from the conversion of DTAs following Creval merger**, with the **consolidated Common Equity Tier 1 at 13.1%[3],** and the **Total Capital Ratio at 18.8%[3]** with the capital well above the minimum requirements assigned by the ECB for 2022. **High liquidity with the LCR at 283%.**

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

Creval integration

At the end of April, the merger by absorption of Creval into Crédit Agricole Italia marked Creval's full integration in the Group.
The IT migration was completed, following which all the internal operating and distribution systems were aligned to the Parent Company's ones.
Creval switching to Crédit Agricole's distribution model has already generated positive results on the main segments of products and services to Customers as they can enjoy the Group's full range of products and services.

Customer centrality and Digital Offer

In 2022, Crédit Agricole Italia has continued with the implementation of innovative services in order to provide its customers with complete omnichanneling operativeness, which is competitive in the market.

As regards the digitalization rate, customers actively using the Apps increased by 30% year-over-year, with the rate of digitalized customers hitting 80%. Remote transactions via the Apps and Web Collaboration also increased quite considerably, with volumes up by +130% vs. the previous year.

Customers under 25 years of age acquired online increased by +36% YoY thanks to the new identification method via Videoselfie, whereby an account can be opened in 24 hours, with the user enjoying a simple and streamlined process.

The "Le Village" Ecosystems

Le Village by CA Triveneto will be added to the ones in Milan and Parma already in operation, which, to date, have 100 resident startups and 60 partner firms, and will be officially opened in September 2022. The Triveneto ecosystem has already 17 partner firms based in the region, 45 enablers and 27 resident startups; last April the first official call4startup was completed, which had the purpose of searching for innovative entities with high technological value.

In May, Crédit Agricole Italia held again "Nowtilus – Sea Innovation Hub", the first incubation hub for startups in Liguria with the purpose of supporting innovation and technologies for the sea economy.

Commitment to People and Training

In H1 2022, consistently with its “Next Generation” generational turnover programme, the CA Italia Group hired about 290 people. Profile diversification was focused on: the new hires are graduates of several Universities - as the Group has strong partnerships with top Universities throughout Italy - they are young graduates in economics and law, as well as in humanities, STEM (Science, Technology, Engineering and Mathematics) and in digital sciences.

Training people continues to be a priority: in H1 2022 over 172,000 hours of training were provided, involving nearly all the Group’s resources through the Digital Academy e-learning platform, on which over 850 courses are available offering bespoke online training.

The focus on Diversity&Inclusion has remained strong, in order to strengthen a distinctive leadership style for women, by knowing and addressing gender biases. The “Charter of Respect” was updated in order to enhance awareness about all D&I components besides gender, such as age, nationality, sexual orientation and disability.

Evidence of the focus on people is given by the “Top Employers” award, which the Group obtained for the 14th year in a row, ranking once more in the renowned group of international companies that reached the highest standards in personnel management.

Commitment to social responsibility and sustainability

In 2022, the Group has further extended its Sustainability-related initiatives, with special focus on three collective mobilization matters: acting sustainably for the climate and the transition to a low carbon emissions economy; strengthening social cohesion and inclusion; contributing to agri-food transition.

In H1 2022, 11 new projects were published on CrowdForLife, the Group’s crowdfunding portal, dealing with matters such as inclusion, education, healthcare, sports and culture. Of these, two specifically aimed at providing support in the Ukrainian emergency: one at a national level in cooperation with Save the Children having the objective of providing protection and immediate help to children and their families hit by the war in Ukraine. The other, in cooperation with Emporio della Solidarietà, had the objective of providing food, other necessities and school material, as well as psychological and medical assistance to Ukrainian families that fled from war and were received and accommodated in the Province of La Spezia and in Lunigiana.

Parma, 4 August 2022

On 26 July 2022, the Board of Directors of the Crédit Agricole Italia Banking Group, chaired by Ariberto Fassati and upon the proposal made by Giampiero Maioli, the Group CEO and Senior Country Officer of Crédit Agricole in Italy, approved the Financial Statements for H1 2022.

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

GROUP FINANCIAL HIGHLIGHTS

Income Statement data

- **Consolidated net income hit Euro 256 million (+32% YoY adjusted[1])** and Euro 235 million (+28% YoY[4]) including the expenses resulting from Creval acquisition.
- **Operating revenues** at Euro 1,265 million (-1% YoY adjusted[6]).
- **Operating expenses** at Euro 792 million (down by -4% YoY adjusted)
- **Adjustments of loans** at Euro 102 million (-42% YoY adjusted).

Balance Sheet data

- **Equity** - Group share- at Euro 7.4 billion (+1.3% vs. Dec. 2021).
- **Loans to customers** at Euro 64.5 billion (-0.7% vs. Dec. 2021).
- **Direct funding** at Euro 70.6 billion (-5.4% vs. Dec. 2021).
- **Assets under management** at Euro 49.6 billion (-5.9% vs. Dec. 2021).

Group ratios

- **Weight of gross and net NPLs** at 3.4% and 2.1% respectively.
- **NPL coverage ratio** at 40.7% (53.3% ante representation of the accounting rules on POCI assets[8]).
- **Fully loaded Common Equity Tier 1 Ratio** at 13.1%[3].
- **Total Capital Ratio** at 18.8%[3].
- **LCR** at 283%.

H1 2022 INCOME STATEMENT FIGURES

To ensure comparability of the H1 2022 income statement figures to the H1 2021 ones, the income statement items for H1 2021 were redetermined adjusted including Creval Group's contribution since 1 January 2021, for the period before its acquisition.

Net operating income came to Euro 1,265 million, slightly decreasing by -1%[6] adjusted vs. the previous year excluding the non-recurring revenues of H1 2021 on the Creval perimeter.

Net interest income came to Euro 607 million, down by -3% YoY adjusted vs. the previous year: this performance was affected by the time value no longer applying subsequent to the disposal of non-performing loans made at the end of 2021 and by the slowdown in the origination of residential mortgage loans, which however slowed down less than the market. In quarterly comparison, the Q2 2022 net interest income increased both vs. Q1 2022 and vs. Q4 2021, thanks also to the first effects of the increase in interest rates.

Net fee and commission income came to Euro 610 million, increasing by +1% YoY adjusted, with the growth across both "traditional" services (up by +7% YoY) and "management, intermediation and advisory services" (up by 1% YoY). In H1 2022, fee and commission income gave a higher contribution than net interest income to revenues, proving more resilient in less favourable scenarios thanks to the progressively higher weight of the recurring component from services provided on a continuous basis to customers.

The profit on financial activities came to Euro 31 million, vs. Euro 39 million, the adjusted figure for the previous year.

Operating expenses came to Euro 754 million, down by -3.4% YoY[7] adjusted, thanks mainly to the decrease in administrative expenses that benefited from rationalization actions and from the synergies resulting from Creval integration. Including the **contribution to the Single Resolution Fund** (SRF) of Euro 38 million, total operating expenses came to Euro 792 million, decreasing by -3.6% YoY adjusted.

Due to the dynamic in revenues and costs, the **operating margin** came to Euro 473 million, increasing vs. by +3% YoY adjusted.

Net adjustments to loans came to Euro 102 million, considerably decreasing vs. the figure for H1 2021 (down by -42% YoY adjusted). The **cost of credit** (the ratio of the adjustments recognized in the income statement to net loans to Customers) came to **33 bps**, thanks also to the extraordinary de-risking actions deployed in Q4 2021.

Consolidated net income came to **Euro 256 million (up by +32% YoY adjusted[1])**. Incuding the expenses resulting from Creval acquisition (amounting to Euro 20 million after taxes) the H1 2022 profit came to Euro 235 million and if compared to the statutory profit for H1 2021, net of the badwill resulting from Creval acquisition, the profit for H1 2022 grew by +28% YoY[4].

THE BALANCE SHEET AS AT 30 JUNE 2022

Total volumes, as the sum of loans, direct funding and assets under management, came to Euro 185 billion.

Loans to Customers[9] stood at Euro 64.5 billion, overall stable vs- Dec. 2021 (-0.7%). This performance was mainly due to the slowdown in the origination of the new residential mortgage loans, which however performed better than the shrinking market, and to the fact that the State extraordinary measures for businesses were no longer in force, while the agri-food segment increased. This aggregate does not report the positive effect resulting from the increase in loans linked to the “Ecobonus” tax credits, which came to approximately Euro 1 billion, an amount 2.2 times the one as at Dec. 2021, and was recognised under “other assets”.

Loan quality – considering the perimeter ante representation of the accounting rules concerning financial assets classified as POCI[8] – reports a NPL stock amounting to Euro 2.3 billion and mainly consisting of UTP, which accounted for 78% of the NPL stock, featuring a lower risk profile than bad loans, which accounted for 20% of the NPL stock (past due loans accounted for 2%). Their gross and net weights came to 3.4% and 2.1% respectively, in line with Dec. 2021. The coverage ratio came to 40.7% (53.3% ante representation of POCI accounting rules, increasing vs. 38.2% of Dec. 2021).

Assets under management came to Euro 49.6 billion, down by -5.9% vs. Dec. 2021 (-1.9% YoY), being negatively impacted by the financial markets performance. Net of the market effect (which came to Euro 4.1 billion), AuM increased by +2% vs. Dec. 2021, driven by growing net inflows (up by Euro+1 billion since the start of the year), and by the bancassurance component, which contained the decrease vs. the financial market trend.

Direct funding came to Euro 70.6 billion, decreasing by -5.4% vs. Dec. 2021 (-2% YoY), mainly due to the decrease in its less stable components, consistently with the liquidity optimization strategy deployed, while individual deposits essentially stable. At the beginning of H1 2022, a new dual-tranche issue of Covered Bonds was finalized, with maturities of 10 and 20 years, for a total of Euro 1.5 billion, meeting the long-term investors' needs.

The **liquidity position** is more than satisfying, with the LCR coming to 283%. The Group was allotted TLTRO III loans amounting to Euro 16.5 billion, in line with the figure reported as at 31 Dec. 2021.

The Group proved once more its **capital strength,** which is well above the minimum prudential requirements assigned by the ECB for 2022, with the consolidated ratios given below: Fully loaded Common Equity Tier 1 Ratio at 13.1%[3] and Total Capital Ratio at 18.8%[3].

Profile of Crédit Agricole Italia

The Crédit Agricole Group, among the first 10 banking groups worldwide with 11.2 million mutual shareholders, operates in 47 Countries, including Italy, which is its second domestic market. It operates in Italy with all its business lines: from commercial banking, to consumer lending, from corporate&investment banking to private banking and asset management, all the way to insurance and wealth management services for HNW individuals The cooperation between the commercial network and the business lines ensures wide-ranging and integrated operations serving 5.3 million active customers, through 1,600 points of sale and more than 17,000 employees, and an increasing support to the economy with more than 93 billion in loans.

The Group consists of the banks of the Crédit Agricole Italia Banking Group and of the entities engaged in Corporate and Investment Banking (CACIB), Specialist Financial Services (Agos, FCA Bank), Leasing and Factoring (Crédit Agricole Leasing and Crédit Agricole Eurofactor), Asset Management and Asset Services (Amundi, CACEIS), Insurance (Crédit Agricole Vita, Crédit Agricole Assicurazioni, Crédit Agricole Creditor Insurance) and Wealth Management (Indosuez Wealth in Italy and CA Indosuez Fiduciaria).

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Notes

[1] YoY change in the underlying adjusted figure: H1-22 net of Creval integration expenses and H1-21 which comprised Creval contributions to income from operations in the period before its acquisition (January-April 2021) excluding some non-recurring components which were recognized by the Group as at 30 June 2021, including tax benefits and the share of profits attributable to CA FriulAdria minority interests accrued in H1-21 and no longer present in 2022 subsequent to the public tender offer made in H2-21.

[2] Core revenues: interest + fee and commission income.

[3] Provisional data.

[4] Change vs. the published figure for H1 2021, including the provisional PPA, net of the recognition of the non-definitive badwill resulting from Creval acquisition.

[5] Market share calculated using Bank of Italy data as at March 2022.

[6] YoY change in the underlying adjusted figure: H1 2021 net of non-recurring disposals and arbitrage transactions on securities held.

[7] Expenses do not include the contributions to bank resolution funds.

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

[9] Excluding securities measured at amortized cost.