PRESS RELEASE

CRÉDIT AGRICOLE ITALIA: RESULTS AS AT 30 JUNE 2023 CONSOLIDATED NET INCOME OF EURO 405 MILLION

- **The results give once again evidence of Crédit Agricole Italia's unfaltering ability to generate sustainable profitability: consolidated net income standing at 405 million Euros (+58% YoY[1]).**

- **Firm growth in profitability: income for the half year came to over 1.5 billion Euros, increasing by +21% YoY driven by the considerable contribution of net interest income (+47% YoY), with gross operating profit hitting 763 million Euros (+49% YoY[2]) and the cost income ratio coming to 50.2%[2].**

- **Significant commercial momentum, driven by the Bank's diversified business model: in the first half of 2023 84 thousand new customers were acquired; Wealth Management products were placed for 3.6 Bln Euros; non-life insurance premium income increased (+14% YoY) and originated residential mortgage loans have increased during the second quarter (+13% Q2/Q1), with the market share for demand progressively increasing.**

- **Constant focus on asset quality: new positions in default at very low levels, coverage ratios further increasing by 210bps vs. December 2022, gross and net NPE ratios at 3.3% and 1.7%, respectively.**

- **Large liquidity buffer with the LCR at 246% and strong capital position with the Total Capital Ratio at 18.3%[3].**

- **Finalized a *Premium Label* Covered Bond issue for 1 billion Euros, among the first ones in the Italian market complying with the latest EU Directive.**

- **The resident startups in the Le Village by CA network are now over 150, with about 80 partners contributing to the growth of the Innovation Ecosystems of Milan, Parma and Padua.**

- **Hired over 400 people in the first half of 2023, of whom 350 under 35 years old, consistently with the "Next Generation" turnover plan.**

- **The Bank proved once again its commitment to social matters with fundraising campaigns on *CrowdForLife* for initiatives fostering inclusion, education, healthcare, sports and culture. Among those underway, there are two campaigns supporting important projects aimed at addressing the emergency that has recently hit the Emilia-Romagna region.**

Milan - Aug. 4 2023 - Crédit Agricole Italia's results as at June 30 2023 were released today, demonstrating its ability to produce positive results even in a particularly complex scenario.

Strong growth in profitability

In the first six months of 2023 **Crédit Agricole Italia** proved once again to be able to consistently generate profits thanks to its balanced and diversified business model. Its consolidated statutory net income came to **405 million**, **increasing by +72.1% vs. the same period of last year** which reported expenses for Creval integration amounting to 20 million Euros. Excluding that non-recurring component, the increase achieved in the first half of 2023 is **+58.5% YoY**.

Support to businesses and households

In the first half of 2023, the commercial activity continued to benefit from the wide range of products in all business lines, with a progressively growing trend in the year, despite the complex market scenario affected by persisting high inflation:

- Significant development in the customer base, with 84 thousand new customers acquired (+3.2% YoY), with an increasing contribution of the digital channel (accounting for 30%);
- Wealth Management products placed amounted to 3.6 billion, with marked recovery in the second quarter vs. the first (+6.7% Q2/Q1);
- Lending volumes to professionals and enterprises grew in the first half of the year (+5.5% YoY);
- Considerable increase in non-life insurance premium income (up by +14% YoY), benefiting from process digitalization and from stronger insurance advisory services;
- Growing appreciation by Customer with the Recommendation Index once again at no. 2 among Italian universal banks.

Despite a scenario featuring strong contraction in demand, Crédit Agricole Italia has continued to **provide support to households for home purchase** thanks to the new **Mutuo Crédit Agricole Greenback, a very competitive fixed-rate mortgage loan,** increasing its **market share**[4] in terms of applications for new mortgage loans**.**

It has also continued to provide support to communities and businesses with **new loans amounting to 1.9 billion Euros in H1,** with volumes up by +2% vs the end of 2022.

Performances in terms of volumes:

- **Loans to Customers[5]** recovering during the year (+0.3% Q2/Q1), but still slightly lower vs. December 2022 (-0.7% vs Dec. 2022), albeit performing better than the banking system (-2.2%[6] vs. Dec. 2022). The Agri-Food segment has grown (+2.0% vs Dec. 2022), posting a YoY increase of +7.3%, outperforming the sector (+1.0% YoY[7]), with the market share hitting 7.1%[7] vs 6.8% in June 2022.

- **Assets under management** essentially stable vs. the end of last year (-0.2% vs. Dec. 2022), reflecting higher attractiveness of coupon products. This performance resulted from growth in wealth management, offset by the decrease in insurance investments. Growth in assets under administration (+6.8% vs Dec. 2022) benefiting from more profitable yields in a scenario of interest rate hikes;

- **Direct funding** coming to over 73.5 billion Euros up by +1.9% vs Dec. 2022, in a contracting market (-3.1% in June 2023 vs. Dec. 2022[6]), thanks to the increase in fixed-term funding.

Growing revenues and expenses under control

Revenues increased by +21.1% YoY, driven by the considerable performance of **net interest income**, which grew by **+46.8% YoY**, thanks to the commercial component and to the increasing yield curve. **Fee and commission income** was stable (-0.3% YoY), with growth in the traditional segment offsetting the decrease in fee and commission income from management, intermediation and advisory services.

Expenses[2] increased by +2.0% YoY benefiting from the efficiency enhancement actions started in the previous quarters.

The joint performance of revenues and costs generated strong growth in **gross operating income (+49.5% YoY[2])**, with a marked improvement in the **cost/income** ratio, which stood at 50.2%[2] (vs 60.7%[2] in Dec. 2022).

Focus on asset quality and capital strength

Adjustments of loans reflect a conservative provisioning and coverage policy and increased vs. the same period of 2022 (+39.6% YoY), with the **cost of credit** expressed in basis points remaining in line with the average figure for last year at **45bps**. The **level of new positions in default was again modest** as in the past quarters.

The **coverage ratios posted constant increase: the coverage ratio of the non-performing portfolio hit 49.0%** (vs. 46.9% as at Dec. 2022), and the one of **bad loans stood at 77.1%** (vs. 74.8% as at Dec. 2022) up by 230bps. **The weight of net non-performing loans decreased to 1.7%** (vs 1.8% in Dec. 2022), while the **weight of gross non-performing loans stood at 3.3%**, stable vs. Dec. 2022.

The capital position proved once again strong: **the *Fully Loaded* Common Equity Tier 1 at 13.2%[3]** and the **Total Capital Ratio at 18.3%[3]** with capital well above the minimum requirements assigned by the ECB. **High liquidity with the LCR at 246%** and the **NSFR at >100%[3].**

In the half year, an **issue** was finalized of **Covered Bonds *Premium Label***, with 6.5-year maturity and a very modest spread. **Orders for 1.3 billion Euros** were received, with a large international component, giving further evidence of the continuous appreciation shown by investors for Crédit Agricole Italia, which enabled to set the issue amount at 1 billion Euros.

Giving evidence of the Group’s strength, **Moody’s confirmed its rating of Crédit Agricole Italia** (Baa1 with negative outlook), the highest one in the Italian banking system.

Digital Offer and Customer Centrality

Digital and innovation have continued to give a material contribution to Crédit Agricole Italia's growth, both in terms of online acquisition of new Customers and in terms of Customers' digitalization.

Excellent results in terms of acquisition of new Customers continued to be achieved, along with growth in **digitalized Customers** (now 81%), in **Customers that are active on digital channels** (58%) and in **transactions made digitally** (approx. 87% in total). Specifically, the **App** use has been constantly increasing and has proved again to be Customers' favourite channel.

In H1 2023 Crédit Agricole Italia once again obtained **high satisfaction levels,** ranking at the top of the Italian banking System, driven also by initiatives aimed at **improving Customer Experience**.

The "Le Village" ecosystems

Through the network of Les Villages, in Italy Crédit Agricole accelerates over **150 startups**:

Le Village By CA Milano closed H1 with **53** resident startups, **36** partner firms and **54** enables, of 10 international ones. Together with Crédit Agricole, Le Village is back again at Vivatech in Paris, the largest event in Europe dedicated to technology and innovation, in an edition that registered 150,000 visitors and 11,400 resident startups.

Le Village by CA Parma has now **52** resident startups, **21** partner firms and 40 enablers.

Le Village by CA Triveneto has now **20** partner firms based in the region, **45** startups and **48** enablers. It has recently closed a *call4startup* aimed at identifying innovative realities in the field of Artificial Intelligence. This further search will bring the Le Village by CA Triveneto ecosystem to more than 55 start-ups.

Commitment to People, Training and Diversity & Inclusion

In the first six months of 2023, consistently with the "**Next Generation**" generational turnover programme, Crédit Agricole Italia hired over **400 people**, of whom 350 are young people under 35 years of age. The young people that joined CA Italia have very diverse academic backgrounds: digital, technical-scientific and humanities, besides in economics and law. Their entry goes along with the design of targeted **onboarding and training** initiatives, within which the Group cooperates with all the **leading Italian universities**.

Furthermore, having been certified as a **Top Employer in 2023** for the **fifteenth year in a row**, the Group proved the best firm in Italy in 2023 at attracting students and young graduates thanks to the communication strategies it has deployed in digital channels, as certified by Potential Park.

In addition, attention to training has continued unwavering and, in H1 2023, with various methods, approximately **244,000 hours of training** were provided (involving approximately 91% of personnel).

In the Diversity&Inclusion and ESG scopes, the Group distinctive performance was acknowledged with the **Health Friendly Company** (HFC) Stamp, promoted by Fondazione Onda, which is given to firms that are committed to **protecting the health and wellbeing of their employees.**

Commitment to social responsibility and sustainability

In May 2023 the Crédit Agricole Group announced its Climate Strategy publishing its "*Acting for the climate: our contribution to carbon neutrality by 2050" guide*, which sets out the Group's commitments and strategic levers for the environment and has been fully embraced also by Crédit Agricole Italia.

One of the main pillars is the signing of the international ***Net Zero Banking Alliance***, which requires participating banks to commit to aligning their lending and investment portfolios to achieving net zero emissions by 2050, in line with the targets set by the 2015 Paris Climate Agreement.

The Group is setting the climate and energy transition more and more at the core of its strategy, orienting its business and extending its range of products and services designed to assist its Customers in their path towards sustainability.

The Bank has continued in its commitment to social matters with many **fundraising campaigns** for initiatives fostering inclusion, education, healthcare, sports and culture, which have been held on *CrowdForLife*. Among those underway two campaigns have been launched for two important projects aimed at addressing the emergency experienced by the Emilia-Romagna region: one of the **Italian Red Cross** to provide support to the people and communities hit by adverse weather events last May, and that of **Caritas Rimini – ODV, together with all Caritas centers in the Emilia Romagna region,** to resume operation of the Emporio Solidale food bank and support centers in Forlì and Castel Bolognese.

Furthermore, in the last few months, some new schools have joined "Connessioni Digitali", the project that started in 2021 within the partnership between the Crédit Agricole companies in Italy and Save the Children aimed at reducing digital education poverty by developing multimedia communication products.

The Group's commitment to school and students has continued also with **FEduF,** an initiative held within the Sustainable Development Festival, whereby over 550 students from upper secondary schools of the provinces of Parma, Piacenza, Sondrio and Catania participated in the Digital Live Talk "(Un)sustainable choices".

Lastly, this year the **"Volontari di Valore"** (Worthy Volunteers) initiative started once again, in cooperation with **Legambiente,** with the first legs in the Group's corporate volunteer work programme taking place in **Catania, Milan, Parma and Sondrio**. The next legs will take place in September in **Naples** and **Rome**.

Parma, 4 August 2023

On 25 July 2023, the Board of Directors of Crédit Agricole Italia, 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 2023.

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

GROUP FINANCIAL HIGHLIGHTS

Income Statement data

- **Consolidated Net income at Euro 405 million** (+72.1% YoY1).
- **Revenues** at Euro 1,532 million (+21.1% YoY).
- **Operating expenses** at Euro 809 million (+2.1% YoY)
- **Adjustments of loans** at Euro 143 million (+39.6% YoY).

Balance Sheet data

- **Equity** - Group share - at Euro 7.7 billion (+0.8% vs. Dec. 2022).
- **Loans to Customers**[5] at Euro 63.9 billion (-0.7% vs Dec. 2022).
- **Direct funding** at Euro 73.5 billion (+1.9% vs. Dec. 2022).
- **Assets under management** at Euro 49.3 billion (-0.2% vs. Dec. 2022).

Group ratios

- **Weight of gross and net NPLs** at 3.3% and 1.7% respectively.
- **NPL coverage ratio** at 49.0%.
- **Fully Loaded Common Equity Tier 1 Ratio** at 13.2%[3].
- **Total Capital Ratio** at 18.3%[3].
- **LCR** at 246.1% and **NSFR** at >100 %[3].

INCOME STATEMENT FIGURES AS AT 30 JUNE 2023

Net operating income came to Euro 1,532 million, increasing by +21.1% vs. the previous year.

Net interest income hit Euro 892 million, up by +46.8% vs. the previous year.

Net fee and commission income came to Euro 608 million, essentially stable vs. the previous year (-0.3% YoY). Specifically, fee and commission income from “commercial banking activities and other” increased (+8.2% YoY), growing across all components of the aggregate; whereas fee and commission income from “management, intermediation and advisory services” decreased (-6.3% YoY) due to the drop in fee and commission income from securities intermediation and placement.

The **profit on financial activities** came to Euro 20 million, vs. Euro 31 million in the previous year.

Operating expenses came to Euro 769[2] million, increasing by +2.0% YoY; the change resulted from an increase in HR costs and from a decrease in administrative expenses, depreciation and amortization (in total -1.1%[2] YoY) thanks to the efficiency enhancement actions started in the past quarters. Including the **contribution to the Single Resolution Fund** (SRF) totalling Euro 40 million, total operating expenses came to Euro 809 million, increasing by +2.1% YoY.

As a result of the developments in revenues and costs, the **ordinary operating income** came to Euro 723 million, increasing by +53.1% YoY; net of the contributions to bank resolution funds, the figure hit Euro 763 million, up by +49.5% YoY.

Net value adjustments of loans came to Euro 143 million, increasing vs. the same figure for 2022 (+39.6% YoY). The **cost of credit** (the ratio of recurring adjustments of loans for credit risk to net loans to Customers) came to **45 bps.**

Taxes on the income for the period amounted to Euro 168 million vs Euro 103 million in the previous year.

Consolidated net income stood at Euro **405 million** vs. the H12022 statutory profit of Euro 235 million **(+72.1% YoY)**, which included expenses for Euro 20 million from Creval integration. Excluding that non-recurring component, the increase achieved in the first half of 2023 is **+58.5% YoY**.

THE BALANCE SHEET AS AT 30 JUNE 2023

Total volumes, as the sum of loans, direct funding and assets under management, came to Euro 187 billion.

Loans to Customers[5] came to Euro 63.9 billion, slightly decreasing vs. Dec. 2022 (-0.7%). This aggregate benefited from the segments expansion both in the Agri-Food (+2.0% vs Dec. 2022) and in the Corporate Banking (+2.4% vs Dec. 2022), but it was affected by the slowdown in new residential mortgage loans, which nonetheless are progressively recovering in the year.

Asset quality has further improved, with the net NPL stock decreasing by -6.4% vs December 2022, for a total of Euro 1.1 billion, thanks to constant oversight of NPL management and the modest levels of new positions in default; the coverage ratio hit 49.0%, increasing by 210 bps vs. 46.9% in Dec. 2022. The NPL weights on total loans have also improved: the net NPL ratio decreased to 1.7% (vs. 1.8% in Dec. 2022) and the gross NPL ratio stood at 3.3% (vs. 3.3% in Dec. 2022).

Assets under management proved stable at Euro 49.3 billion (-0.2% vs. Dec. 2022). The aggregate breakdown reflects a slight increase in the Funds and Wealth Management segment (+1.3% vs. Dec. 2022) offsetting an equal decrease in Insurance-based investment products.

Direct funding came to over Euro 73.5 billion, up by +1.9% vs Dec. 2022, performing against the contracting market trend (-3.1% in June 2023 vs. Dec. 2022[6]), thanks to the increase in fixed-term funding.

The **liquidity position** proved again more than satisfying, with the LCR at 246% and the NSFR at >100%[3]; in H1 the Group repaid TLTRO III loans for a total of Euro 5.2 billion.

The Group proved once more its **capital strength,** which is well above the minimum prudential requirements assigned by the ECB for 2023, with the following ratios: *Fully Loaded* Common Equity Tier 1 Ratio at 13.2%[3] and Total Capital Ratio at 18.3%[3].

Profile of Crédit Agricole

The Crédit Agricole Group, one of top 10 banking groups worldwide, with 11.5 million mutual shareholders, operates in 46 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 5.9 million active customers, through approximately 1,600 points of sale and 16,400 employees, as well as increasing support to the economy with Euro 97 billion in loans.

Besides Crédit Agricole Italia, the Group consists of the entities engaged in Corporate and Investment Banking (CACIB), Specialist Financial Services (Agos, CA Auto 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).

www.credit-agricole.it

PRESS CONTACTS

External Relations Division – Media Relations Service
Crédit Agricole Italia
E-mail: relazioniesterne@credit-agricole.it
Phone: +39 0521.21.2826 / 2846 / 2801

Notes

[1] Excluding Creval integration expenses.
[2] Excluding contributions to bank resolution funds.
[3] Provisional data.
[4] Source: CRIF
[5] Excluding securities accounted at amortized cost.
[6] Source: ABI Monthly Outlook (July 2023).
[7] Source: The Bank of Italy