

## CRÉDIT AGRICOLE ITALIA: RESULTS AS AT 31 DECEMBER 2023 CONSOLIDATED NET INCOME OF EURO 708 MILLION

- The results give once again evidence of Crédit Agricole Italia's unfaltering ability to generate sustainable profitability: consolidated net income standing at 708 million Euros, up by +64% YoY<sup>1</sup>.
- Income for the year exceeded 3 billion Euros (+19% YoY), driven by net interest income (+37% YoY); the gross operating profit grew by +44% YoY<sup>2</sup> with the cost income ratio standing at 52.4%<sup>2</sup>.
- In the year, 175 thousand new Customers were acquired (+16% YoY), over 8 billion Euros in Wealth Management products were placed, newly originated residential mortgage loans grew markedly and progressively (+65% H2/H1), with CA Italia's market share hitting 13.8%<sup>3</sup> in the Provinces where it operates.
- Crédit Agricole Italia is now no. 1 among universal banks by Customer Recommendation Index (CRI), which is evidence of its focus on Customer satisfaction.
- Growth in volumes vs. a general decrease in the banking system: loans to customers<sup>5</sup> increased by +1% YoY and net funding by +6% YoY. Assets under management also increased (+1% YoY).
- Asset quality under control: gross and net NPE ratios at 3.3% and 1.6%; the coverage ratio was strengthened even further (about +400bps vs December 2022) with the default rate at its all-time lows.
- Very comfortable liquidity buffer with the LCR at 245% and strong capital position with the *Fully Loaded* Common Equity Tier 1 and the Total Capital Ratio increasing to 13.5%<sup>4</sup> and 18.6%, respectively<sup>4</sup>.
- A Covered Bond *Premium Label* was issued for 400 million Euros and fully subscribed by the EIB, to provide support for SMEs and agri-food companies in their energy transition.
- The fourth Le Village by CA was opened in Sondrio. It has added to the Italian network of Les Villages by CA, which, with over 150 resident startups and

approximately 80 partners, contribute to the growth of the Innovation Ecosystems of Milan, Parma and Padua.

- CA Italia has achieved the *Gender Equality Certification* in accordance with the Italian national system, which gives evidence of the Group's commitment to diversity and inclusion topics and values.
- In 2023 about 630 people were hired, of whom about 550 under 35 years old, consistently with the "Next Generation" turnover plan.

Milan – 8 February 2024 – Crédit Agricole Italia's results as at 31 December 2023 have been announced today, giving evidence of its ability to generate profits over time.

### Strong growth in profitability

**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 **708 million Euros, increasing by +26.8% vs. the same period of the previous year** which reported expenses for Creval acquisition amounting to 20 million Euros and 146 million Euros resulting from a one-off tax realignment. Excluding those non-recurring components, the increase achieved in 2023 is **+63.7% YoY**.

### Support to businesses and households

In a scenario featuring widespread credit crunch, Crédit Agricole Italia continued to provide financial support to **households and businesses**. Indeed, 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 specialist services provided by all the entities of the Crédit Agricole Group in Italy, and posted progressive growth over the year:

- significant development in the customer base, with 175 thousand new customers acquired (+16% YoY), thanks also to the increasing contribution of the digital channel (accounting for 36% in Dec. 2023 vs. 30% in Dec. 2022);
- strong and progressive growth in newly originated residential mortgage loans (+65% H2/H1), with the market share hitting 13.8%<sup>3</sup> in the Provinces where CA Italia operates (vs 7.9% Q4 2022) and the number of applications up by +6% YoY;
- lending volumes to enterprises grew (+7% YoY), with marked development in small and medium enterprises (+38% Q4/Q4);
- the Agri-Food business increasing by +3% vs Dec. 2022, vs. a system decrease of -2% YoY, with CA Italia's market share stable at 7.9%;
- over 8 billion Euros in Wealth Management products placed;
- considerable increase in non-life insurance premium income (+14% YoY), benefiting from process digitalization and from stronger insurance advisory services;

**Crédit Agricole Italia is now no. 1** among traditional banks in Italy by **Customer Recommendation Index (CRI)**, thanks to continuous appreciation from its Customers.

In October, CA Italia issued its second **Covered Bond Premium Label** in the year, which was fully subscribed through a private placement by the **European Investment Bank (EIB)** for an amount of 400 million Euros, to provide support for small and medium enterprises and agricultural companies' investments, with at least 25% of the resources that will be used to achieve the Customers' environmental sustainability and energy transition goals.

Performances in terms of volumes:

- **Loans to Customers**<sup>5</sup> increasing by +0.9% vs Dec. 2022 and holding better than the Italian banking system (down by -2.2%<sup>6</sup> vs. Dec. 2022), thanks to overall good performance across all components;
- **Assets under management** coming to over 50 billion Euros, up by +1.2% vs. Dec. 2022, with growth in wealth management (+5.7% vs. Dec. 22) which offset the decrease in the insurance investments component. Growth in assets under custody (+13.6% vs Dec. 2022) benefiting from more attractive yields;
- **Direct funding** coming to over 76.2 billion Euros, up by +5.5% vs Dec. 2022, performing against the contracting market trend (-1.5%<sup>6</sup> vs. Dec. 2022), thanks to the development in fixed-term funding and to stable demand deposits.

Crédit Agricole Italia has achieved once again **high customer satisfaction levels**, and is **now no. 1 among universal banks in Italy by Customer Recommendation Index – CRI**. An important achievement, which was driven also by initiatives aimed at improving Customer Experience and which rewards the Group's work, also giving evidence of the trust its customers have in the Group.

In 2023 the **Mortgage loans** posted very good performances: Crédit Agricole Italia originated new Home Loans for nearly 4 billion, up by +10% vs 2022, in a strongly contracting market down by -30% vs. the previous year, due to the increase in market rates and to the consequent decrease in property sales and purchases and in the subrogation market. Worth mentioning is the portion of Green mortgage loans (on class A, B and C properties), which increased from 12% to 18% in just six months thanks to the *Mutuo CA Greenback* new product, which went live in April. These figures give tangible evidence of **constant assistance provided by CA Italia to Households and to Society**, to support the journey and choices of all its Customers.

Crédit Agricole Italia has also proved once again its leading role in **providing support to businesses**, ranking more and more not only as a financial partner but also as an accelerator of their projects for growth. **Specialization, innovation and 360° advisory services** are the key words outlining how the Group proved itself able to meet the diverse requirements of its Customers, in a complex macroeconomic scenario, assisting companies on their way to sustainable business models. Investments have been revived by setting up **2 new Private Equity funds: The APEI Fund** to support businesses operating in diverse sectors with minority equity investments, and the **Ambition Agri Agro Investissement Fund**, to invest in Italian and French businesses operating in the agri-food sector and engaged in meeting the challenges of agricultural and agri-food transition.

The Group grew in a positive way also in the **Agri-Food sector**, despite the present slowdown in the market, thanks to further **strengthening of its specialist network** and to the many **agreements signed with the main Italian Trade Associations**. Furthermore, in 2023 Crédit Agricole Italia published its *white book* by the title: "Agricoltura, tra sostenibilità e innovazione", which is the result of the cooperation with Bocconi University – SDA Bocconi School of Management and is an up-to-date and detailed report on the profitability and financial performances of the Italian agricultural sector giving evidence of the goodness of its model, profitability and solvency.

### **Growing revenues and expenses under control**

**Revenues increased by +18.7% YoY**, still driven by the increase in **net interest income**, which grew by **+37.4% YoY**, thanks to the commercial component and consistent with the yield curve trend. **Fee and commission income** proved stable (+0.1% YoY), with the traditional segment offsetting the decrease in fee and commission income from management, intermediation and advisory services.

The increase in **operating expenses**<sup>2</sup> (+2.5% YoY) resulted from the impacts on HR costs generated by the renewal of the National Collective Employment Agreement, whereas administrative expenses and depreciation and amortization benefited from the synergies at full capacity generated by Creval's integration and by the efficiency enhancement actions started in the previous quarters.

Thanks to increasing revenues and costs under control, **gross operating income** posted considerable growth (**+43.7% YoY**<sup>2</sup>), with marked improvement in the **cost/income** ratio coming to 52.4%<sup>2</sup> (vs. 60.7%<sup>2</sup> in Dec. 2022).

### **Focus on asset quality and capital strength**

Constant oversight of asset quality and a conservative provisioning policy generated their effects on the performance of **net adjustments to loans**, which increased by +10.2% YoY, with the **cost of credit** - expressed in basis points - coming to **49bps**, in line with the average figure for the previous year. Furthermore, thanks to the efficient in-house management of non-performing loans, the volumes of new inflows to default could be contained and the **default rate** could be kept around its all-time low, with the **coverage ratio on the non-performing portfolio** increasing to **50.8%** (from 46.8% in Dec. 2022), with **progressive and constant growth throughout the year**.

Also increasing the Coverage Ratio on the individual segments: **76.9% on Bad Loans** (vs. 74.8% in Dec. 2022) and **40.7% on Unlikely to Pay** (vs. 38.6% in Dec. 2022), both up by 210 bps. **Both net and gross NPL ratios decreased**, to **1.6%** (vs. 1.8% in Dec. 2022) and to **3.3%** (vs. 3.4% in Dec. 22) respectively.

Even further capital strengthening: **Common Equity Tier 1 Fully Loaded increased to 13.5%**<sup>4</sup>, and **Total Capital Ratio to 18.6%**<sup>4</sup> with a buffer well above the minimum requirements assigned by the ECB. **High liquidity with the LCR at 245%** and the **NSFR >100%**<sup>4</sup>.

Giving evidence of the Group's strength and following the revision of the outlook on Italian sovereign debt, **Moody's confirmed Crédit Agricole Italia's rating (Baa1)** at the highest level in the Italian banking system, improving its outlook to stable from negative.

### 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.

Digital acquisition drives **the arrival of new Customers generating 36% of the Group's total figure**. The portion of **digitalized Customers** grew (to over 80%), as did the one of **active Customers on digital channels** (to 60%) and the portion of **transactions made digitally** (overall up to approx. 87%). Specifically, the **App** use has been constantly increasing and has proved again to be Customers' favourite channel.

### Opening of Le Village by CA delle Alpi

**Le Village by CA Delle Alpi**, the Group's fourth accelerator in Italy, was officially opened in Sondrio. It operates as a key innovation outpost for **Valtellina** and focuses especially on startups in the field of **mountain economy** on 7 scopes: agri-food, tourism, wood supply chain, water cycle, renewable energy, quality of life and biological conversion; the project is the result of a strategy aimed at developing and supporting the area, which Crédit Agricole Italia shares with local businesses, stakeholders and institutions. Its premises are on three floors, for a total of 600 square metres, with state-of-the art technological equipment, dedicated meeting rooms, collaborative common spaces and a symbolic 'piazza'.

### The "Le Village" Ecosystems

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

**Le Village By CA Milano**, the first innovation hub of CA in Italy, has proved again able, **since 2028**, to aggregate the innovation ecosystem of Milan, accelerating **50 startups**, thanks also to its cooperation with the leading investment funds, with **65 enablers** and **30 partner firms**.

**Le Village by CA Parma**, which was opened in 2020 and whose shareholders are Crédit Agricole Italia and Fondazione Cariparma, has now **18 partner firms** and **55 resident startups**, focuses especially on Agritech and industrial innovation, relying on **45 enablers**

**Le Village by CA Triveneto**, which was opened in 2022 in Padua and whose shareholders are Crédit Agricole Italia, Parco Scientifico e Tecnologico Galileo, Assindustria Veneto Centro and Unismart, has **22 partner firms** and **50 startups**; its role in the Triveneto region has been considerably growing, thanks also to the support given by **45 enablers** and on its focus on six sustainability goals in the United Nations 2030 Agenda

### Commitment to People, Training and Diversity & Inclusion

in 2023 Crédit Agricole Italia took some material steps forward in its "*People Project*", which is intended to guide the Bank's organizational, cultural and managerial transformation and represent an important piece of its 2022-2025 Medium Term Plan. In 2023, consistently with its "**Next Generation**" generational turnover programme, the Group hired about **630 people**, of



whom about 550 are young people up to **35 years old**. Relentless and constant focus on training, with the provision and attendance of over 675 thousand hours of training.

Besides having been certified as a **Top Employer 2024** for the sixteenth year in a row, this year Crédit Agricole Italia ranked among the Italian firms that have proved the most attractive for students and young graduates, thanks to the communication strategies it has deployed in digital channels, as certified by Potential Park, a firm providing search and assistance services in Talent Acquisition.

Furthermore, the Group has achieved the **Gender Equality Certification** in accordance with the Italian national system, which gives key evidence of its commitment to diversity and inclusion topics and values. The certification, issued by **Bureau Veritas**, a worldwide leading certifier, acknowledges the progress made on the path CA Italia started on more than 10 years ago for the enhancement of all diversities.

In the shared parenthood scope, the Group has deployed new initiatives to provide support to mums and dads. Indeed, starting from the 2023-24 school year, the Group gives an annual contribution of 1,000 Euros for each child between 1 and 3 years old, to be used to cover daycare fees as a welfare benefit, thus with significant benefits in terms of taxes and social security contributions. This measure goes alongside the agreement on **parental leave**, which, since 2024, has provided for a total leave of 28 days for fathers with 100% pay, which goes well beyond the Italian statutory requirement.

### **Commitment to social responsibility and sustainability**

In 2023 the Group continued to extend its Sustainability-related initiatives, with special focus on the **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.

By joining the **Net Zero Banking Alliance** and following the yet additional measures for climate undertaken in December 2023 by Crédit Agricole, the Group continues pursue its commitments in favour of the environment. On the Italian market, the **priorities concern residential and commercial loans**, in order to support the Group's customers, both individuals and businesses, in their transition paths.

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 the projects that went live, there are **5 new themed initiatives in the regions** intended to generate social and environmental impacts. Furthermore, in 2023 the fundraising campaign promoted by the **Italian Red Cross** to handle the emergency that hit some areas in Emilia-Romagna was successfully completed, as was the **Crédit Agricole for Dream** project, whereby the Group, in cooperation with its partner Foundations Fondazione Cariparma, Fondazione Carispezia, Fondazione Piacenza e Vigevano, Fondazione Cassa di Risparmio di San Miniato, Fondazione Lugo, identified innovative ideas throughout Italy on social inclusion and fight against climate change.

The bond with schools throughout Italy continued to be held as a priority.

Last October, during the Financial Education month, in cooperation with **FEduF**, Crédit Agricole Italia started the “Let’s Support the Future” initiative, a cycle of online classes intended for upper secondary school students based in the areas of all Regional Departments in 14 cities (Milan, Sondrio, Parma, Piacenza, Alessandria, Padua, Pordenone, La Spezia, Turin, Florence, Cesena, Catania, Rome and Naples) and focusing on **citizenship education and economic citizenship**, with special regard to mindful management of money and resources, security in digital payments, sustainability and circular economy. Over 2,000 students attended the classes.

### Parma, 8 February 2024

On 31 January 2024, 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, acknowledged the Financial Statements for 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 708 million (+26.8% YoY<sup>1</sup>).
- **Revenues** at Euro 3,061 million (+18.7% YoY).
- **Operating expenses** at Euro 1,705 million (+2.6% YoY)
- **Adjustments of loans** at Euro 316 million (+10.2% YoY).

### Balance Sheet data

- **Equity** - Group share - at Euro 8.0 billion (+4.1% vs. Dec. 2022).
- **Loans to Customers<sup>5</sup>** at Euro 64.0 billion (+0.9% vs Dec. 2022).
- **Direct funding** at Euro 76.2 billion (+5.5% vs. Dec. 2022).
- **Assets under management** at Euro 50.0 billion (+1.2% vs. Dec. 2022).

### Group ratios

- **Weight of gross and net NPLs** at 3.3% and 1.6% respectively.
- **NPL coverage ratio** at 50.8%.
- **Fully Loaded Common Equity Tier 1 Ratio** at 13.5%<sup>4</sup>.
- **Total Capital Ratio** at 18.6%<sup>4</sup>.
- **LCR** at 245.4% and **NSFR** >100%<sup>4</sup>.

## INCOME STATEMENT FIGURES AS AT 31 DECEMBER 2023

**Net operating income** came to Euro 3,061 million, increasing by +18.7% vs. the previous year.

**Net interest income** hit Euro 1,801 million, up by +37.4% vs. the same period of 2022.

**Net fee and commission income** came to Euro 1,221 million, stable vs. the previous year (+0.1% YoY). Specifically, fee and commission income from “commercial banking activities and other” increased (+5.4% YoY), with growth across all components of the aggregate, offsetting the

decrease in fee and commission income from management, intermediation and advisory services (-3.8% YoY) generated by the performances of financial markets.

**Profit on financial activities** came to Euro 29 million, vs. Euro 33 million in the previous year.

**Operating expenses** came to 1,604<sup>2</sup> million Euros, increasing by +2.5% YoY; this aggregate reports higher HR costs (+5.3% YoY), due to the renewal of the National Collective Employment Agreement, whereas the administrative expenses and depreciation and amortization aggregate posted a total decrease of -2,2%<sup>2</sup> YoY despite high inflation, benefiting from the synergies at fully capacity generated by Creval's integration and from efficiency enhancement actions. Including the **contributions to the Deposit Guarantee Scheme and to the Single Resolution Fund**, operating expenses increased by +2.6% YoY.

As a result of the developments in revenues and costs, the **gross operating income** 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 value adjustments of loans** came to Euro 316 million vs. 286 million in 2022 (+10.2% YoY). The **cost of credit** (the ratio of recurring adjustments of loans for credit risk to net loans to Customers) came to **49 bps**.

**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 146 million Euros in the one-off tax realignment, classified in a specific item, which was obtained thanks to the favourable outcome of the tax ruling applied for as regards the recalculation of the tax base of goodwill. In 2023 Crédit Agricole Italia decided not to pay the “*extraordinary tax on banks*”, but rather to allocate an amount equal to 2.5 times that tax to reserve.

**Consolidated net income** stood at Euro **708 million** vs. the 2022 statutory profit of Euro 559 million (**+26.8% YoY**), which included expenses for Euro 20 million from Creval acquisition and Euro 146 million for the one-off tax realignment. Excluding those non-recurring components, the increase achieved in 2023 is **+63.7% YoY**.

## **THE BALANCE SHEET AS AT 31 DECEMBER 2023**

**Total volumes**, as the sum of loans, direct funding and assets under management, came to Euro 190 billion.

**Loans to Customers**<sup>5</sup> came to 64.0 billion Euros, increasing by +0.9% vs. Dec. 2022 and performing better than the banking system as a whole (-2.2%<sup>6</sup> vs. Dec. 2022). The performance of this aggregate is the result of the expansion in the Agri-Food sector, the good performances achieved by the enterprises segment and the newly originated residential loans progressively growing in the second half of the year.

**Asset quality** has further improved vs. the previous year: total net non-performing loans came to 1.05 billion Euros, decreasing by -9.2% vs. Dec, 2022 thanks to effective in-house management of NPLs and new inflows under control. The coverage ratio of NPLs hit 50,8%, increasing by 394 bps from 46.8% in Dec. 2022 and NPL weights on total loans have also improved: the net NPL



ratio decreased to 1.6% (vs. 1.8% in Dec. 2022) and the gross NPL ratio stood at 3.3% (vs. 3.4% in Dec. 2022).

**Assets under management** exceeded 50 billion Euros (+1.2% vs. Dec. 2022). The composition of this aggregate reflected the growth in the Wealth Management segment (+5.7% vs. Dec. 2022) offsetting the decrease in Insurance-based investment products (-2,4% vs. Dec. 2022).

**Direct funding** came to Euro 76.2 billion, up by +5.5% vs Dec. 2022, performing against the contracting market trend (-1.5%<sup>6</sup> in Dec. 2023 vs. Dec, 2022), thanks to the increase in fixed-term funding.

The **liquidity position** proved again more than satisfying, with the LCR at 245% and the NSFR at >100%<sup>4</sup>; in the year the Group repaid TLTRO III loans for a total of Euro 6 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 13.5%<sup>4</sup> and *Total Capital Ratio* at 18.6%<sup>4</sup>.

#### 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 6 million customers, through approximately 1,600 points of sale and over 16,200 employees, as well as increasing support to the economy with about 100 billion Euros 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 (Crédit Agricole Leasing, which is part of Crédit Agricole Italia) and factoring (CA Factor), Asset Management and Asset Services (Amundi, CACEIS), Insurance (Crédit Agricole Vita, Crédit Agricole Assicurazioni, Crédit Agricole Creditor Insurance) and Wealth Management CA (Indosuez Wealth Management in Italy and CA Indosuez Fiduciaria).

[www.credit-agricole.it](http://www.credit-agricole.it)

#### PRESS CONTACTS

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

**Notes**

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<sup>1</sup> FY-2022 figure not including the positive effect from tax realignment (+146 million Euros) and Creval integration expenses (-20 million Euros). Including those effects, growth is +27% YoY.

<sup>2</sup> Excluding contributions to bank resolution funds.

<sup>3</sup> Source: The Bank of Italy. Market share for newly originated loans, Q3 2023.

<sup>4</sup> Provisional data.

<sup>5</sup> Excluding securities accounts at amortized cost.

<sup>6</sup> Source: ABI Monthly Outlook (January 2024).