PRESS RELEASE

CRÉDIT AGRICOLE ITALIA BANKING GROUP, RESULTS AS AT 30 JUNE 2020

- **NET INCOME OF EURO 97 MILLION, WHICH WOULD BE EURO 121 MILLION EXCLUDING CONTRIBUTIONS TO THE BANKING SYSTEM AND THE COVID EMERGENCY EXPENSES**
- **LOANS TO HOUSEHOLDS AND BUSINESSES ON THE INCREASE (up by +5% vs. Dec. 2019), FURTHER GROWTH IN DIRECT FUNDING (up by +4% vs. Dec. 2019) AND IN ASSETS UNDER MANAGEMENT (up by +1% vs. Dec. 2019[1])**
- **CONSTANT FOCUS ON LOAN QUALITY: THE NET NPE RATIO IMPROVED COMING TO 3.2% WITH HIGHER COVERAGE RATIO (NPL AT 54.9% AND BAD LOANS AT 69.6%)**
- **BUSINESS PERFORMANCE RECOVERED TO ITS LEVELS BEFORE-CRISIS**
- **HIGH LIQUIDITY LEVEL WITH LCR GREATER THAN 300% AND STRONG CAPITAL POSITION WITH TOTAL CAPITAL RATIO AT 18.1%**
- **COVID-19: ALWAYS THERE FOR OUR CUSTOMERS, SMART WORKING ACTIVATED FOR 80% OF OUR EMPLOYEES, OVER EURO 10 BILLION AVAILABLE TO SUPPORT BUSINESSES AND HOUSEHOLDS AND SOCIAL COMMITMENT TO FIGHT COVID WITH OVER EURO 2.5 MILLION DONATED**

RESILIENT PROFITABILITY

*The results give once again evidence of the **Crédit Agricole Italia Banking Group**'s ability to generate sustainable profitability, effectively addressing and managing the health emergency. **Net income came to Euro 97 million,** down by -38% YOY, after **prudential non-recurring provisions for the Covid-19 crisis (Euros 108 million)**. **Net income** would be **at Euro 121 million** excluding the contribution to the Single Resolution Fund and extraordinary expenses incurred to manage the health emergency.*

IMPORTANT SUPPORT TO HOUSEHOLDS AND BUSINESSES

***At the beginning of the crisis, the Group took immediate action** in order to provide all kinds of support to its customers and to help the Italian economic and social system in facing the emergency contributing to its recovery: **Euros 10.8 billion available to over 86 thousand customers** in moratoria, loans and credit facilities with State guarantees already allocated for 2 billion.*
Over 26,000 loans were given under the Liquidity Decree Law, 93% of which for amounts up to Euros 30 thousand at favourable interest rates, and the "Garanzia Italia" protocol of cooperation with SACE was implemented, which aims at supporting the recovery of enterprises.

BUSINESS MOMENTUM SUPPORTING THE REAL ECONOMY

***Increase in loans, up by +5%[2] vs. Dec. 2019,** driven by both home loans and loans to businesses.*
***Increase in direct funding, up by +4% vs. Dec. 2019,** thanks both to the growth in deposits and current accounts, and to issues of covered bonds totalling Euro 1.25 Bln.*
***Assets under management increased by +1% vs. Dec. 2019** net of the market effect, with growing trend in the second part of the half-year, driven by new placements, which, at the end of Q2, went back to the levels of early 2020.*
The business performance recovered, with output in May and June back to the year opening levels:
***Home loans** were stable YOY and posted a recovery in new loans in June 2020, increasing by +27% vs. April 2020;*
***The bancassurance business steadily grew,** with output in May and June posting a more than twofold (x2.1) increase vs. March and April and back to its before-Covid-19 levels.*

[1] Variation of Assets under Management net of market effect.
[2] Excluding securities at amortized cost.

RECOVERY IN REVENUES AND EXPENSES UNDER CONTROL	*In H1 2020 profitability was affected by an impact on revenues due to the health emergency, profitability that indeed went back to their year opening levels, with June posting the highest revenues in the half-year.* ***Ordinary costs decreased by -4%***[3] ***YOY,*** *thanks to constant improvement in operational efficiency, despite depreciation and amortization increasing by +7% YOY: also in the present uncertainty,* ***the Group has continued to invest*** *supporting customers, business and innovation.*
CONSTANT FOCUS ON LOAN QUALITY	***The weights of net non-performing loans and of net bad loans*** *further decreased YOY and* ***came to 3.2% and 1.2% respectively,*** *with the stock of net NPLs down by -5% vs. Dec. 2019.* ***The coverage ratios of non-performing loans increased*** *coming to 54.9% for non-performing loans* (up by +2.*3pp vs, Dec. 2019) and to 69.6% for bad loans (up by +2.0pp vs. Dec. 2019).* ***The default rate improved*** *coming to 0.8% (vs. 1.0% in December 2019), thanks also to the State support measures, with the number of positions entering the default status down by -17% YOY.* ***Prudential non-recurring provisions*** *were set aside amounting to Euro 108 million,* ***mainly due to the revised macroeconomic scenario impacted by Covid-19,*** *thus with the cost of credit coming to 92bps. Net of such provisions, cost of credit would be 48bps.*
STRENGTH CONFIRMED ONCE AGAIN	*High Liquidity position with* ***LCR greater than 300%****, well above regulatory requirements.* ***Strong capital position with the Total Capital Ratio at 18.1%*** *(improving vs. 17.5% of Dec. 2019) and a capital buffer by far higher than the minimum level required by the ECB for 2020.*
CUSTOMER CENTRALITY AND INNOVATION	*In the months of health emergency, the Group materially invested in order to improve* ***customer satisfaction*** *and to enable use of all services through all channels. It* ***ensured operations in all areas keeping its branches open*** *and implementing a web collaboration solution for retail and private banking account managers and for financial advisors.* *Furthermore,* ***a dedicated task force of over 120 people*** *was set up and tasked with managing the changed needs of customers.* ***The Customer Recommendation Index increased by over 3 points in the half-year****, giving evidence that the Group's customers appreciated the support and assistance they were provided with in a situation of severe difficulty.* *At the end of June,* ***a new Hub was opened in Brescia****, following the ones already opened in other Italian regions, in order to provide all Crédit Agricole Italia services in one place, where specialists operate in constant synergy.* ***Le Village by CA in Parma*** *started operations, with its official opening in October, and has joined* ***Le Village of Milan*** *as an innovation ecosystem. The partnerships with* ***Fondazione Cariparma, University of Parma*** *and many firms based in the community are already operational and are going to contribute to the initiative,* ***which has already proved its success****.*
COMMITMENT TO PEOPLE	*To address the emergency, the Bank deployed all the health and protection protocols as appropriate to ensure the safety of all employees, customers and citizens.* *In order to respond to its employees' needs, especially of those exposed to health risks and of families with children, the Group has made available innovative tools, such as training from home for branch employees.* ***Over 300 thousand hours of online training were provided in the first six months of 2020, with a participating rate of 90% and more than 35 hours of training per employee on average basis,*** *thanks to a training platform offering over 400 titles and 37 thematic areas.* *The already considerable number of employees enabled for smart working was increased, coming close to 80%.*
COMMITMENT TO SOCIAL ISSUES AND SUSTAINABILITY	*Crédit Agricole Italia has stood out for its commitment to social issues, in a situation of severe difficulty for all.* *A* ***crowdfunding*** *initiative was launched in favour of the* ***Italian Red Cross,*** *thanks to the commitment shown by all the entities of Crédit Agricole in Italy, which contributed with a* ***total donation of 1 million Euros****. Through the* ***CrowdForLife*** *portal, the objective of collecting* ***another 500 thousand Euro*** *was achieved thanks to Payroll Giving, i.e. the direct contributions given by the managers and employees of Crédit Agricole Italia, of Agos and of Amundi Italia, together with the donations made by customers and vendors.*

[3] Net of the contributions to bank resolution funds and of the extraordinary costs incurred to manage the Covid-19 emergency.

COMMITMENT TO SOCIAL ISSUES AND SUSTAINABILITY	*Thanks to its network of relations with businesses and individuals, Crédit Agricole Italia also purchased **82 assisted ventilation machines**, as well as other equipment, and donated them to several **hospitals in its communities** which urgently need them (Parma, Piacenza, Reggio Emilia, La Spezia, Fucecchio, Rimini and Cesena) in synergy with the shareholder Foundations (Cariparma, Piacenza and Vigevano, Carispezia, San Miniato, Lugo) and with Foundations based in the communities (Cesena, Rimini, Faenza). Furthermore, solidarity contributions were donated to several institutions based in Lombardia, Emilia Romagna, Veneto, Liguria and elsewhere in Italy, which take **the total contributions given by the Crédit Agricole Group in Italy to over 2.5 million Euros**. CA Green Life, the Group's headquarters in Parma, was entered by the World Green Building Council in the new digital Library of case studies on the most cutting-edge sustainable buildings in the world.*

Parma, 6 August 2020

On 23 July 2020, 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 Report for the first half of 2020.

The main entities 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 S.r.l. that have been consolidated on a line-item basis.

GROUP FINANCIAL HIGHLIGHTS

Income Statement highlights

- **Net income - Group share -** Euro 97 million (down by -38% YOY)
- **Revenues** at 914 million (down by -6% YOY)
- **Operating expenses** at 608 million (down by -1% YOY)
- **Cost of credit** at 225 million, equal to 92 bps.

Balance Sheet highlights

- **Equity** - Group share - at Euro 6.5 billion (up by +1% vs. Dec. 2019)
- **Loans to Customers** at Euro 48.8 billion (up by +5% vs. Dec. 2019)
- **Direct funding** at Euro 51.9 billion (up by +4% vs. Dec. 2019)
- **Assets under Management** at Euro 37.4 billion (down by -2% vs. Dec. 2019, up by +1% net of market effect)

Group ratios

- **Weight of net non-performing loans** at 3.2% and weight of net bad loans at 1.2%
- **Coverage ratio of net non-performing loans** at 54.9% and of bad loans at 69.6%
- **Total Capital Ratio** at 18.1%
- **LCR** greater than 300%

INCOME STATEMENT: H1 2020 KEY PERFORMANCES

Net operating revenues came to Euro 914 million, down by -6.4% vs. the previous year, and were affected by the restrictive measures deployed at a national level in order to contain the pandemic.

In a macroeconomic scenario featuring uncertainty and firmly negative interest rates, **net interest income** came to Euro 480 million, decreasing by -5.5% vs. the previous year. This figure was also impacted by changes in market rates, which were driven to new all-time lows by the expansionary measures deployed by Central banks and, therefore, triggered requests for repricing of outstanding loans to customers.

Net fee and commission income came to Euro 411 million, decreasing by -8.2% YOY, affecting both traditional services and management, intermediation and advisory services. This decreased resulted from both the reduction of commercial banking operations in the lockdown period and the unfavourable market performance, which led to lower revenues from product placement. After social distancing measures were eased, fee and commission income progressively recovered and, since May and June, wealth management fee and commission income has been back to year opening levels.

Total operating expenses came to Euro 608 million, decreasing by -1.4% YOY. The ordinary component, excluding contributions to bank resolution funds and the extraordinary costs incurred for the Covid emergency, decreased by -4% YOY, thanks to continuous improvement in operational efficiency, with **depreciation and amortization** increasing by +7.1% YOY. The expense figure includes the contributions to the Single Resolution Fund (SRF) of Euro 25 million, which increased by +13.7% YOY.

Net value adjustments of loans and financial assets came to Euro 225 million, increasing vs. 2019 (up by 82% YOY). This increase was due to non-recurring provisions amounting to Euro 108 million, recognized in the half-year in order to take into account the revised macroeconomic scenario impacted by Covid-19, of which Euro 47 million in stage 1 and 2 and Euro 61 million in stage 3 aimed also at potential disposals. The **cost of credit risk** (the ratio of the relevant adjustments recognized in the income statement to net loans to Customers) came to 92 basis points.
Seizing the opportunities offered by the favourable real estate market, a property in Milan was sold making gross capital gains of Euro 65 million.

Net profit for H1 2020 came to Euro 97 million, decreasing by -38% vs. the previous year.

BALANCE SHEET: H1 2020 KEY PERFORMANCES

Total volumes, as the sum of loans, direct funding, assets under management and assets under administration, came to Euro 178 billion.

Loans to Customers, net of securities recognized at amortized cost, came to Euro 48.8 billion, increasing by +4.6% vs. the end of 2019, thanks to the growth in performing loans (up by +5.0% vs. Dec. 2019), posted by both mortgage loans and loans to businesses, and thanks to the decrease in the stock of net non-performing loans (down by -5.1% vs. Dec. 2019).

Higher volumes were achieved while keeping constant focus on **credit quality**: lower weight of both net NPLs (3.2% vs. 3.5% of Dec. 2019) and of gross NPLs (6.8% vs. 7.1% of Dec. 2019). Coverage ratios markedly increased vs. the end of 2019: coverage ratio of non-performing loans at 54.9% (vs. 52.6% in Dec. 2019) and coverage ratio of bad loans at 69.6% (vs. 67.6% in Dec. 2019).

In June 2020, **assets under management** came to Euro 37.4 billion, decreasing by -1.6% vs. December 2019; net of market effects, this change would be a +1.2% increase vs. the end of 2019. **Direct funding** came to Euro 51.9 billion, up by +4.4% vs. the end of 2019, benefiting from the dual-tranche issues of covered bonds made in early January for Euro 1.25 billion. The Group drew an ECB TLTRO III loan of Euro 8.7 billion in the first half of 2020. More than satisfying liquidity position, with the LCR greater than 300%.

Capital strength[4] confirmed by a fully-loaded Common Equity Tier 1 ratio at 12.6%, a Tier1 ratio at 15.1% and a Total Capital Ratio at 18.1%.

[4] Capital ratios based on provisional data.

Profile of Crédit Agricole Italia

Crédit Agricole operates in Italy, its second domestic market, with approximately 14 thousand employees and more than 4.5 million customers, and accounts for Euro 77 billion worth of loans to the economy. Close cooperation between the companies specializing 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. Crédit Agricole Italia operates in Italy with about 1100 points of sale, approximately 10,000 employees and more than 2 million customers.

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