CRÉDIT AGRICOLE

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PRESS RELEASE

CRÉDIT AGRICOLE ITALIA: RESULTS AS AT 31 DECEMBER 2022 CONSOLIDATED NET INCOME OF EURO 559 MILLION

- **The results give once again evidence of the Crédit Agricole Italia Banking Group's constant ability to generate sustainable profitability: consolidated net income hit Euro 559 million; net profit came to Euro 433 million excluding the extraordinary and non-recurring elements (+22% YoY adjusted[1]).**

- **Strong growth in profitability: income for the FY exceeded Euro 2.5 billion, up by +2% YoY adjusted[1], driven by net interest income (+6% YoY adjusted[1]).**

- **Considerable commercial momentum: over 150 thousand new Customers acquired (+8% YoY); strong development in consumer credit intermediation volumes (+27% YoY); Euro 9 billion in Wealth Management products placed with assets under management stock up by +3% YoY (net of market effect); originated Euro 1.3 billion (x2.6 YoY) loans linked to the "Ecobonus" tax credits; growth in market shares[2] for both home loans, which hit 7.1%, and agri-food loans, which hit 6.9%; non-life insurance premium income on the increase (+9% YoY).**

- **Customers are showing increasing appreciation for Crédit Agricole Italia, with the Customer Recommendation Index increasing even further: CA Italia ranked again No. 2 among universal banks in Italy.**

- **An extraordinary plan was deployed in order to provide support to households and businesses impacted by the increase in the costs of energy and commodities, with an allocated amount of Euro 16 billion.**

- **Asset quality continued on its improving trend: the gross and net NPE ratios decreased to 3.3% and 1.8% respectively.**

- **Strong capitalization: the Total Capital Ratio at 18.3%[3] and the Common Equity Tier 1 Fully Loaded at 13.0%[3].**

- **Nearly 700 new hires in 2022, of whom 620 young people under 35, in line with the "Next Generation" generational turnover programme.**

Strong growth in profitability

The performance in 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 **433 million (+22% YoY adjusted[1])** and Euro **559** million including the one-off tax realignment and the expenses resulting from Creval acquisition.

Support to businesses and households

Commercial operations performed well across the main lines of business, thanks to the ability to offer Customers a diversified range of products and services comprising those provided by all the companies of the Crédit Agricole Group in Italy, as well as full alignment of Creval commercial operations with the Group's standards:

- significant development in the customer base, with over 150 thousand new customers acquired (+8% YoY), thanks both to the contribution of the commercial network and to the contribution of the digital channel (which accounted for 30% of the acquisition);
- Euro 9 billion worth of wealth management products placed, with balanced development between asset management products (Euro 5.5 Bln) and insurance products (Euro 3.5 Bln);
- significant increase in consumer credit intermediation volumes (up by +27% YoY) and in non-life insurance premium income (up by +9% YoY), benefiting from process digitalization and from stronger insurance advisory services;
- Euro 1.3 billion in originated loans linked to the "Ecobonus" tax credits (x2.6 vs. Dec. 2021);
- customers gave evidence of their growing appreciation for the Group with the Customer Recommendation Index increasing across all channels, thanks to the support provided to Customers during the crisis, along with the development of digital services, with CA Italia ranking once again number 2 among Italian universal banks.

In 2022 the Group deployed an extraordinary plan aimed at providing support to households and businesses that were dealing with the increase in the costs of energy and commodities. The **allocated amount of Euro 16 billion** include many initiatives specifically consisting in the suspension of payment of instalments on existing mortgage loans up to 12 months and subsidized interest rate loans, in cooperation with Agos, intended for Customers having the Italian Equivalent Economic Situation Indicator (ISEE) up to Euro 40 thousand. For enterprises, a set of solutions was designed to provide extraordinary liquidity and to finance ESG investments.

Performances in terms of volumes:

- **Loans to Customers[5]** increasing by +1.0% vs. Dec. 2021, including also the Ecobonus tax credits. Strong growth in Agri-Food sector (loans up by +5.1% vs. Dec. 2021), which is characterizing for the Group, with the market share[2] increasing to 6.9%. The market share[2] in terms of applications for new mortgage loans also increased and hit 7.1%, growing in the year (+5% Q4 2022/Q4 2021);

- **Assets under management** were affected by the performance of financial markets. Net of the market effect, the AuM stock increased by +3% vs. Dec. 2021, driven by growing net inflows (up by Euro +1.6 billion from the start of the year), and by the bancassurance component, which contained the decrease vs. the market actuals;

- **Direct funding from Customers** being affected by the reduction in the less stable components but increasing in H2: +3.0% in Dec. 2022 vs. June 2022, driven by the recovery in Customers' deposits and by fixed-term funding.

Growing revenues and expenses under control

The performances of commercial operations drove the performance of **income, which grew by +2.1% YoY *adjusted*[1]**. The growth was driven by the performance of net interest income, which increased by +5.7% YoY *adjusted*[1] and by +31.6% Q4/Q4 *adjusted*[1], benefiting from the increasing trend in the yield curve. Fee and commission income was stable (-0.4% YoY *adjusted*[1]), with growing performances in the insurance business, consumer credit and in the corporate banking segment, which offset the negative contribution from the sectors that were hardest hit by the market performance.

Expenses trend is under control: operating costs[4] slightly decreased vs. 2021 (-0.3%YoY *adjusted*[1]) thanks to efficiency-enhancing actions whereby the higher costs associated with the transformation and innovation plan, along with the first effects of inflation, could be offset. Expenses also benefited from the positive effects of the synergies generated by Creval integration (approx. Euro 30 million).

The joint performance of increasing income and slightly decreasing costs[4] drove general improvement both in **operating profit** (up by +5.9% YoY *adjusted*[1]) and in efficiency, with the **cost/income** ratio at 60.7%[4].

Focus on asset quality and capital strength

The progressive improvement in asset quality and the modest amount of new positions in default drove a reduction in the cost of credit (-15.7% YoY *adjusted*[1]), with the weight of adjustments on loans decreasing to **45bps**.

The weight of net non-performing loans on total loans decreased to **1.8%** and the **weight of gross non-performing loans stood at 3.3%;** coverage of the non-performing portfolio increased to 46.9% and of bad loans to 74.8%.

The capital position proved again strong: **Common Equity Tier 1 Ratio Fully Loaded at 13.0%[3]** and **Total Capital Ratio at 18.3%[3]** with the capital level well above the minimum requirement assigned by the ECB for 2022. **High liquidity with the LCR at 262% and NSFR at 133%[3].**

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

CA FriulAdria integration

With the finalization of the merger by absorption of Crédit Agricole FriulAdria into Crédit Agricole Italia, which took place on 27 November 2022, the "**Single Bank**" project was fully completed, in line with the set time schedule.

This integration followed the merger by absorption of Credito Valtellinese into Crédit Agricole Italia, finalized last April, which further enhanced its strong positioning in its long-standing areas of operations with the key stakeholders and achieved progressive alignment of its commercial productivity with the CAI Group's standards.

Digital Offer and Customer Centrality

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

The number of Customers actively using the Apps continued to grow (+20% YoY), with the **rate of digitalized Customers hitting 80%**. Transactions on the digital channels increased (hitting 86% of total transactions) as did remote transactions via Mobile Collaboration (volumes up by +79% vs. the previous year).
Customers under 25 years of age acquired online increased by 39% YoY thanks to the new identification method via Video selfie, whereby an account can be opened in 24 hours, with the Customer enjoying a simple and streamlined process.

The volumes of online applications for mortgage loans increased by +28% YoY, thanks also to the go-live of **Mutuo Card,** whereby the Customer can be certain beforehand of the maximum loan amount, even where he or she has not yet found the property.

The "Le Village" Ecosystems

Le Village by CA Milano closed 2022 with full use of the workstations for the resident startups, which are now **61**, and the progressive consolidation of partnership agreements, with **39** partner firms and **54** enablers, of which 10 international players.

Le Village by CA Parma closed the year with **53** resident startups, **21** partner firms and **29** enablers.

Le Village by CA Triveneto, which was opened on 29 September 2022, has now **21** partner firms based in the region, **46** enablers and **36** resident startups.

Commitment to people, Training and Diversity & Inclusion

In 2022, consistently with the "**Next Generation**" generational turnover programme, the CA Italia Group hired about **700 people**, of whom **620 are young people under 35 years of age**. The Group has been continuing to work in order to recruit diversified profiles: with digital, technicalscientific and humanities backgrounds, with the support of **onboarding and training** targeted initiatives, for which the Group has been cooperating with all the **leading Universities**.

Intergenerational inclusion initiatives continued, involving both the newly hired young people and the managers. Furthermore, the Group is one of the Italian firms that have obtained the **Top Employer 2023** certification and is in the increasingly small group of "Firms that are national best performers in the Labour Market" as certified for the **fifteenth year in a row**.

At the end of January 2023, the Group announced a new package of tangible measures designed to back its employees, in order to provide them with continuous support and strengthen their purchasing power. One of the most important measures is **an extraordinary welfare contribution of Euro 500**, to be given to all employees excluding senior managers, besides a **higher contribution for healthcare coverage** and **new very favourable banking conditions**.

These measures are added to the extension of the **parental leave for fathers**, who, as of January 2023, are entitled to 20 days of 100% paid parental leave (which will increase to a total of 28 days in 2024).

Attention to training has continued: in 2022, **over 600,000 hours** of training were provided, amounting to approximately **80,270 working days** and to an average of 47 hours of training per-capita. Over 850 training courses were made available on the Digital Academy e-learning platform and the features ensuring accessibility to the courses by resources with sensory disabilities are currently being completed.

In the Diversity&Inclusion and ESG scopes, also in 2022 the Group proposed the **Month of Diversities** - five weeks between November and December featuring initiatives and events to provide food for thought on inclusion topics - which opened with the "**Run 4 Inclusion**" - the first non-competitive run promoting the values of uniqueness, inclusion and sustainability.

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. Furthermore, some very significant projects were developed, such as the start of the activities in cooperation with ***Parks-Liberi & Uguali*** - an association that promotes the **value of diversity** and equal opportunities at work for the people belonging to the LGBT+ community, and social inclusion initiatives, such as the partnership with **Elis** for the **Schools Project** - which involved over **1900 young people** in 13 Italian cities~~.~~

The Group was awarded a prize as **Caring Company® 2022** by Lifeed and a **special mention for its social inclusion activities in the community** within «**Disability Matters Europe**» 2022.

Commitment to social responsibility and sustainability

In 2022, the Group further extended 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.

The "**Crédit Agricole for Dream**" campaign went live, aimed at supporting the regions through innovative projects all focusing on social inclusion and on combating climate change, with the support provided by the shareholder Foundations **Fondazione Cariparma, Fondazione Carispezia, Fondazione Piacenza e Vigevano and Fondazione Carismi**.

The Group's commitment to social issues continued, with several fundraising campaigns in favour of initiatives focusing on inclusion, education, healthcare, sports and culture, which were published on *CrowdForLife*, the Group's crowdfunding portal.

The Group revised its **Lending Policies**, which were **supplemented with ESG factors** and **limits to financial support** to players operating in sectors that are "sensitive" for the environment (Coal, Asbestos, Shale Oil&Gas).

Parma, 9 February 2023

On 7 February 2023, 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, acknowledged the Financial Statements for 2022.

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 hit Euro 559** million and **433** million (+22.0% YoY *adjusted*[1]), excluding extraordinary and non-recurring items.
- **Revenues** at Euro 2,579 million (+2.1% YoY *adjusted*[1]).
- **Operating expenses** at Euro 1,661 million (-0.4% YoY *adjusted*[1])
- **Adjustments of loans** at Euro 286 million (-15.7% YoY *adjusted*[1]).

Balance Sheet data

- **Equity** - Group share- at Euro 7.7 billion (+5.6% vs. Dec. 2021).
- **Loans to Customers**[5] at Euro 64.3 billion (-1.0% vs. Dec. 2021).
- **Direct funding** at Euro 72.2 billion (-3.3% vs. Dec. 2021).
- **Assets under management** at Euro 49.5 billion (-6.2% vs. Dec. 2021).

Group ratios

- **Weight of gross and net NPLs** at 3.3% and 1.8% respectively.
- **NPL coverage ratio** at 46.9%.
- **Fully loaded Common Equity Tier 1 Ratio** at 13.0%[3].
- **Total Capital Ratio** at 18.3%[3].
- **LCR** at 262% and **NSFR** of 133%[3].

INCOME STATEMENT FIGURES AS AT 31 DECEMBER 2022

To ensure comparability of the 2022 income statement figures to the 2021 ones, the income statement items for 2021 are "adjusted", FY-2022 not including the positive effect of the one-off fiscal realignment and the Creval integration expenses, FY-2021 incorporates the management contribution of Creval in the period before acquisition (January-April 2021) excluding some non-recurring components accounted for by the Group at 31.12.2021 mainly related to the acquisition of Creval and derisking, as well as the tax benefits and the relevant profit share of the minority shareholders of CA Friuladria accrued in H1-21 and no longer present in 2022 as a result of the takeover bid made in H2-21.

Net operating income came to Euro 2,579 million, increasing by +2.1% *adjusted*[1] vs. the previous year.

Net interest income hit Euro 1,311 million, increasing by +5.7% *adjusted*[1] vs. the previous year and by +31.6% *adjusted*[1] vs. Q4 2021, benefiting from the increase of commercial spread following the yield curve increasing trend.

Net fee and commission income came to Euro 1,219 million, essentially stable vs. the previous year (-0.4% YoY *adjusted*[1]); the "management, intermediation and advisory services" component was flat (+0.2% YoY *adjusted*[1]) with a positive contribution given by the insurance distribution and consumer credit components, which offset the decrease in securities intermediation and placement. The "commercial banking business" was also stable (+0.1% YoY adjusted).

The **profit on financial activities** came to Euro 33 million, vs. Euro 58 million in the previous year *adjusted*[1].

Operating expenses came to Euro1,565[4] million, slightly decreasing by -0.3% YoY *adjusted*[1]; this figure resulted from lower HR costs, which benefited from the effects of the "Next Generation" turnover programme, larger investments in technology and higher expenses associated with the transformation and innovation plan, along with the first impacts of the increase in inflation on administrative expenses. Including the **contributions to the Deposit Guarantee Scheme** and the **contribution to the Single Resolution Fund** totalling Euro 96 million, operating expenses came to Euro 1,661 million, slightly decreasing by -0.4% YoY *adjusted*[1].

As a result of the developments in revenues and costs, the **ordinary operating income** came to Euro 918 million, increasing by +6.8% YoY *adjusted*[1]; net of the contributions to the banking system, the figure hit Euro 1,014 million, up by +5.9% YoY *adjusted*[1].

Net value adjustments of loans came to Euro 286 million, decreasing vs. the figure for 2021 (down by -15.7% YoY *adjusted*[1]). The **cost of credit** (the ratio of recurring adjustments of loans for credit risk to net loans to Customers) came to **45 bps.**

Income taxes for the FY came to Euro 180 million vs. Euro 152 million in the previous year, benefiting from the one-off tax realignment amounting to Euro 146 million, 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.

Consolidated net income stood at Euro 559 million vs. the 2021 statutory profit of Euro 616 million, which included Euro 497 million in badwill from Creval acquisition. Excluding the one-off tax realignment and the expenses resulting from Creval acquisition, the 2022 profit hit Euro **433 million (+22.0% YoY *adjusted*[1]).**

THE BALANCE SHEET AS AT 31 DECEMBER 2022

Total volumes, as the sum of loans, direct funding and assets under management, came to Euro 186 billion.

Loans to Customers[5] came to Euro 64.3 billion, slightly decreasing vs. Dec. 2021 (-1.0%). This performance was positively driven by growing loans to the Agri-food sector, but was negatively impacted by the slowdown in new residential mortgage loans, which, nonetheless, performed better than the market and progressively recovered during the year, as well as by the end of the State extraordinary measures for support to businesses. 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 1.3 billion, an amount 2.6 times the one as at Dec. 2021, and was recognised under "other assets". If this aggregate were included, loans to Customers would increase by 1.0% YoY.

Asset quality further improved, with net NPLs decreasing by -14.8% YoY and coming to Euro 1.2 billion. In terms of breakdown, UTPs accounted for 74% of gross non-performing loans and have a lower risk profile than bad loans, which accounted for 24% of total gross NPLs (past due positions accounted for 2%). The weight of non-performing loans on total loans improved: the net NPL ratio decreased to 1.8% (vs. 2.1% in June 2022) and the gross NPL ratio stood at 3.3% (vs. 3.4% in June 2022). The coverage ratio hits 46.9%, increasing vs. 40.7% of June 2022.

The negative performance of financial markets affected **assets under management**, which came to Euro 49.5 billion, decreasing vs. the Euro 52.7 billion figure of 2021 (-6.2% vs. Dec. 2021). Net of the market effect (Euro 4.7 billion), AuM increased by +3% vs. Dec. 2021, driven by growing net inflows (up by Euro +1.6 billion from the beginning of the year), and by the bancassurance component, which contained the decrease vs. that in financial markets.

Direct funding stood at Euro 72.2 billion (-3.3% vs. Dec. 2021), decreasing as regards both due to Customers, mainly because of the reduction in the less stable components, and debt securities issued. In H2 the aggregate recovered (+2.2% vs. June 2022) driven by the recovery in Customers' deposits and by fixed-term funding, mainly from individuals.

More than satisfying **liquidity position**, with the LCR at 262% and NSFR at 133%[3]. The Group repaid TLTRO III loans for an amount of Euro 6 billion before maturity and other TLTRO III loans at maturity for an amount of Euro 1 billion, with the stock of those loans totalling Euro 9.5 billion.

The Group proved once more its **capital strength,** which is well above the minimum prudential requirements assigned by the ECB for 2022, with the ratios given below: Fully Loaded Common Equity Tier 1 Ratio at 13.0%[3] and Total Capital Ratio at 18.3%[3].

Disclaimer
For the sake of completeness, it should be noted that the draft financial statements and the consolidated financial statements as at 31 December 2022 will be submitted to the approval of the Board of Directors scheduled for March 2023, together with the reports of the auditing firm and the Board of Statutory Auditors, will be made available to the public within the time limits provided by the applicable legislation. The financial statements will be submitted for approval to the Ordinary Shareholders' Meeting scheduled for April 2023.

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PRESS RELEASE

Profile of Crédit Agricole Italia
The Crédit Agricole Group, one of top 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 5.5 million active customers, through 1,600 points of sale and 17,000 employees, and increasing support to the economy with over Euro 99 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] Change YoY "*adjusted*" underlying: FY-2022 not including the positive effect of the one-off fiscal realignment and the Creval integration expenses, FY-2021 incorporates the management contribution of Creval in the period before acquisition (January-April 2021) excluding some non-recurring components accounted for by the Group at 31.12.2021 mainly related to the acquisition of Creval and derisking, as well as the tax benefits and the relevant profit share of the minority shareholders of CA Friuladria accrued in H1-21 and no longer present in 2022 as a result of the takeover bid made in H2-21.

[2] Source CRIF.

[3] Provisional data.

[4] Excluding the contributions to bank resolution funds and Creval integration expenses.

[5] Excluding securities accounted at amortised cost.