

CRÉDIT AGRICOLE ITALIA BANKING GROUP: RESULTS AS AT 30 JUNE 2021 CONSOLIDATED NET INCOME OF EURO 562 MILION

The results in H1 2021 feature the entry of Creval in the Group perimeter and the non-recurring items arising from the acquisition. To ensure comparability of the results with the same period of 2020, all the figures have been presented net of the aforementioned change in the perimeter and of non-recurring elements.

- **Statutory consolidated net income of Euro 562 million; the result, net of Credito Valtellinese contribution and of non-recurring components resulting from the acquisition, is Euro 211 million (up by +118% YoY).**
- **Strong commercial performance, confirming productivity that is fully back at its pre-crisis levels: in 1H 2021 were acquired over 77 thousand new customers, placed more than 5.5 billion of Wealth Management products and originated around 2 billion of new home loans.**
- **Considerable growth in volumes: increase in loans to households and businesses with growth in market share of both new home loans to 7.1% (+0.8pp YoY) and agri-business loans to 7.2% (+0.4pp YoY); expansion of assets under management with over 1.7 billion in new net inflows in 1H 2021.**
- **Progressive improvement of the Customer Recommendation Index with growth in the level of satisfaction (Retail Channel: +1.5 points in 2021).**
- **Strong growth in profitability: revenues up by +9.4% YoY, driven by the good performance of fee and commission income in all business lines (up by +17.4% YoY).**
- **Constant focus on asset quality: net NPE ratio further improving to 2.7% and the coverage ratio increasing to 53.2%.**
- **Moody's confirmed CA Italia rating, at the highest level of the Italian Banking System (Baa1 with stable outlook).**
- **High level of liquidity with the LCR at 273% and strong capital position with the consolidated Total Capital Ratio at 15.8%.**
- **Successfully completed in Q2 the acquisition of 100% of Credito Valtellinese through a Cash Voluntary Public Tender Offer.**

- **Launched a Voluntary Public Tender Offer for the remaining shares in Crédit Agricole FriulAdria, already controlled at 82%.**
- **Green Strategy: finalized the first Italian issuance of a Green Covered Bond, further strengthening Crédit Agricole Italia's environmental commitment.**
- **The number of resident startups in the two le Village by CA innovation ecosystems increased; Le Village Triveneto is currently under construction in Padua. At the end of April "Nowtilus – Sea Innovation Hub" went live, the first incubation hub for startups in Liguria with the purpose of supporting innovation and technologies for the sea economy.**
- **The Group's commitment to training specifically focused on Digital, innovation and ESG topics: over 113 thousand hours of training were provided in H1 2021, involving 95% of the Group's personnel.**
- **The Family Audit Executive Certification was obtained, thanks to the commitment to deploying measures aimed at facilitating the balance between family and work life, which goes along the Top Employers award, which was obtained for the 13th year in a row.**
- **Crédit Agricole For Future was successfully completed, an initiative whereby 11 selected local organizations could raise funds on CrowdForLife - the Group's crowdfunding portal - to finance projects aimed at education, inclusion and reduction of inequalities.**

Strong growth in profitability

The H1 2021 results give evidence that the **Crédit Agricole Italia Banking Group** can create value constantly over time, generating sustainable profitability despite the ongoing uncertainties in the economic scenario. **The statutory consolidated net income came to Euro 562 million**, and includes a temporary badwill of Euro 378 million generated by the acquisition of Credito Valtellinese¹. The **stand-alone profit**, net of Credito Valtellinese contribution and of the non-recurring elements arising from the acquisition, came to Euro **211 million**, up by +118% vs. the same period of the previous year.

Support to businesses and households

The Group achieved considerable results despite an economic and social scenario deeply impacted by the pandemic. As in Q1 2021 and 2H 2020, commercial activities **recorded significant performances across all lines of business**, confirming **productivity levels back to its pre-crisis levels**:

- **growth in the customer base with over 77 thousand new customers acquired**, thanks also to the positive contribution deriving from the digital channel (equal to around 28% of the total acquisition);
- **placement of more than 5.5 billion euro of assets under management products** (increasing by +78% YoY);
- **originated around €2 billion in new home loans**, with an increase of +27% YoY in the number of new mortgages.

Volumes give evidence of a positive performance across all components. In short:

- **Loans² up by +4.6% YoY** driven by the good performance of both home loans, with market share³ of new loans up to 7.1% (+0.80pp y/y), and loans to businesses, with market share⁴ of agri-business loans at 7.2% (up +0.40pp y/y);
- **Assets under management up by +13.3% YoY** with a very good dynamic in net inflows reaching 1.7 billion euro in the semester;
- **Direct funding up by +4.6% YoY** driven by the strongly increasing trend in savings held for protection from the crisis.

Growth in revenues and expenses under control

The strong commercial momentum is positively reflected **on Revenues, which increased by +9.4% YoY**. The fee and commission component, whose weight on total revenues came to 48% vs. 45% in H1 2020, increased by +17.4% YoY, driven especially by fee and commission income from management, intermediation and advisory services (up by +27.8% YoY).

¹ This figure is provisional as it will be finally determined with the 2021 Financial Statements after the finalization of the Purchase Price Allocation (PPA) process by granularly calculating the fair value of the Credito Valtellinese assets and liabilities acquired.

² Excluding securities at amortized cost.

³ Market share referred to the regions where the Group is present, processed by Bank of Italy data.

Operating expenses well under control, despite depreciation and amortization increasing because of higher investments made to support the business: **operating costs⁴ are in slight decrease (-0.3% YoY)**, taking the **cost/income ratio to 58.1%** - down by over 5.7 percentage points vs the figure for H1 2020.

Focus on asset quality and capital position

The Group continues on its path towards progressive improvement in asset quality and reduction in the cost of credit, with lower provisions on loans coming to **50bps** and a decrease in new inflows to default (down by -23.9% YoY).

The **ratio of net non-performing loans and of bad loans** further decreased coming to **2.7% (vs. 3.0% in Dec. 2020)** and **0.89% (vs. 0.94% in Dec. 2020)**, respectively. The **coverage ratio of the non-performing portfolio** increased coming to **53.2%** (increasing by 1.9 pp vs. the end of 2020) and the coverage ratio of bad loans coming to **70.5%⁵**.

The **default rate** came to **0.6%**, improving vs. the figure for the past two years, and includes both the effect of the application of the new definition of default⁶ and the implementation of the new EBA guidelines on forbearance.

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

Strong capital position with consolidated Total Capital Ratio at 15.8%⁷ - including the acquisition of Creval and the related non-recurring components - with capital level above the minimum requirement assigned by the ECB for 2021 in a scenario of intense activity to support the economy and to meet customers' needs. High level of liquidity with the LCR at 273%.

The first Italian issue of Green Covered Bonds

In March 2021, Crédit Agricole Italia finalized **the first Italian issue of Green Covered Bonds** for a total amount of Euro 500 million. The issue was made to finance or refinance a pool of residential mortgage loans originated for the purchase of residential properties with high energy efficiency.

Voluntary Public Tender Offer for Credito Valtellinese

On 23 April 2021, the all-cash **voluntary public tender offer for all the shares of Credito Valtellinese was successfully completed**, whereby Crédit Agricole Italia now holds 100% of its share capital. On 4 June 2021, Borsa Italiana delisted Credito Valtellinese shares, with their subsequent exclusion from trading on the Mercato Telematico Azionario.

The good outcome of the transaction strengthens the Group's competitive position in Italy, generating value for all stakeholders, local communities and regions through a complete universal bank model, serving approximately 3 million customers. The full success of the Public Tender Offer will further facilitate the merger by incorporation of Creval into Crédit Agricole Italia, which has been scheduled in the first semester of 2022.

⁴ Excluding the contributions to single resolution fund.

⁵ Credit quality: data are presented net of Creval and the provisional effect of the PPA.

⁶ New definition of default applied from the second half of 2020.

⁷ Capital ratios based on provisional data.

In June, Creval new Board of Directors took office and, together with the General Manager Roberto Ghisellini and the Deputy General Manager Giliane Coeurderoy, will be responsible to integrate Credito Valtellinese in the Crédit Agricole Italia Banking Group, which it already has strong industrial and cultural affinity with.

Voluntary Public Tender Offer for Crédit Agricole FriulAdria

On 16 June 2021, Crédit Agricole Italia - which holds 82.3% of Crédit Agricole FriulAdria share capital - **announced a voluntary public tender offer for the remaining 17.2%⁸ of Crédit Agricole FriulAdria share capital**, currently held by approximately 15,000 shareholders.

The Group decided to make the Offer in order to ensure that CA FriulAdria shareholders have the opportunity to liquidate their investment at a good price according to CAI. The offer is part of the single bank project that the Group started with the banks previously acquired and provides for the integration of FriulAdria into Crédit Agricole Italia by H2 2022, whereby the management and operational flexibility of the Crédit Agricole Italia Group will be increased.

Consob approved the Offer Document on 29 July 2021 and, from 9 August 2021, all shareholders will have the possibility to accept the offer for their shares.

Customer centrality and Innovation

In H1 2021, Crédit Agricole Italia continued to implement new services, in order to enable its Customers to make transactions in an omnichannel mode and its personnel to work in full safety despite the health emergency, thanks to **web collaboration**.

The first results of the 2021 Customer Recommendation Index (CRI) survey have confirmed its growing trend (**Customer satisfaction about the Retail Banking Channel increased by 1.5 pt vs 2020**) and give evidence of the value of the work carried out by Crédit Agricole Italia to quickly and effectively adapt to changed scenario, taking action on processes and methods for the provision of advisory services, with an omnichannel approach.

Very significant is the evidence regarding the digital channels: specifically for Internet Banking and the Mobile App Mobile, the Customers expressed their appreciation for the new features in terms of both function and graphic design, proving that the user experience is one of the most appreciated in the market.

The new **Crédit Agricole Italia App**, which went live at the end of 2020, firmly established its positioning among the best apps in the market based on the ratings on the App Stores and it is being increasingly liked by Customers thanks to its user-friendliness and completeness of functions. In H1 2021, the payment area was completed with the possibility for SMEs of paying F24, PagoPA, Road Tax, electronic bank receipts (RIBA) and negotiable instruments.

In February 2021, the new **Mobile Collaboration** feature went live, which is one of the best in the market in terms of features, functions and User Experience and gives tangible help to Account Managers in making proposals and recommendations to their Customers, also remotely.

⁸ Percentage of Credit Agricole FriulAdria share capital not held as at today's date by Credit Agricole Italia net of treasury shares amounting to 0.5% of its share capital.

The digital channel indeed generated a material contribution to the acquisition of new Customers: **25%** of the Group **new current accounts** was opened **online** (19% in H1 2020), whereas online-generated contracts came to 43% of total contracts signed (41% in H1 2020)

Le Village By CA Milano has now 50 resident startups, of which 24 joined it in 2021, with another 10 new entries already scheduled by the end of summer; **there are 23 partner firms and 42 enablers**, 10 of which are international players that joined the hub in the last 8 months and help resident startups in various Countries to internationalize their business and to know foreign markets.

Le Village by CA Parma has by now 35 startups, 21 partners and 17 enablers; in H1, it organized 53 business matching meetings and more than 20 events in which the startups and partner firms participated in a “phygital” mode, i.e. both in person and remotely.

Le Village Triveneto is currently being completed in Padua, and will become the third innovation hub in Italy of the Crédit Agricole Group, which already has approximately forty Villages worldwide.

At the end of April, Crédit Agricole Italia launched “**Nowtilus – Sea Innovation Hub**”, the first incubation hub for startups in Liguria with the purpose of supporting innovation and technologies for the sea economy. Nowtilus provides for an exclusive incubation and business-training path of 12 weeks, to support the development of the projects that will be presented to potential investors. This initiative, under the patronage of the Liguria Regional Government, has obtained support also from the Town of La Spezia, from big companies and from the universities in the Liguria Region, in addition to that given by the promoter partners involved.

In June, the “Impatto Impresa” (enterprise impact) project of CA Italia was centre stage at the **ABI 2021 Prize** and won in the “Innovation for Ecosystems” category for its ability to develop an innovative approach to supply chain relations, with considerable opportunities in terms of support to the “Made in Italy” production networks.

In June, CA Italia also started an important partnership with **TIM and Accenture** for the management of its **technology and telecommunication integrated infrastructure**, with the objective of accelerating its digital transformation and the development of innovative services, in order to meet, in a fast and flexible manner, the new needs of Customers and market evolutions.

Commitment to people and training

The Group’s commitment to training had a specific focus on Digital, Innovation and ESG (Environmental, Social and Governance) topics, in order to strengthen its personnel’s digital approach and social responsibility. In H1 2021, over 113,000 hours of training were provided (equal to about **15,000 working days**), involving approximately **95% of the Group’s personnel**; on the Digital Academy e-learning platform **more than 680 courses** are available to all personnel members and are fit to provide **bespoke online training**. The focus is on the Bank’s digital products, which enable an **omnichannel relationship with Customers** (App, Nowbanking, Web Collaboration, Off-premises distribution), as well as on Smart Working tools.

A specific training course went live, which aims at increasing awareness and insight and at strengthening **skills in the ESG scope** for approximately 5,000 personnel members working in the commercial channels. Furthermore, thanks to this training project, over **2,000 people will obtain an official ESG certification**, giving evidence of an approach to advisory services that is sensitive to environmental, social and corporate governance matters in investing.

Employees enabled for **smart working** are overall the **80%** of the total and the smart working mode is appreciated by nearly 90% of the users. This is the reason why a pilot project is underway for the Piacenza-Lombardia Sud Regional Department, whereby the branch personnel can carry out their routine business operations in a Smart Working mode, also after the end of the health emergency.

Giving evidence of its focus on People, in 2021 the Group is the **Top Bank in Italy in the Potential Park ranking**, which assesses the attractiveness of firms to young people in its Web and Social Media communication, ranking 6th in the 2021 Italian Top 60, up by 4 notches vs. 2020. Furthermore, the Group obtained the **Family Audit Executive Certification**, acknowledging its commitment to deploying measures designed to facilitate the balance between family and work life of its personnel. These certifications add to the **“Top Employers”** award, which the Group obtained for the 13th year in a row, ranking once more in the renowned group of companies, from 120 Countries worldwide, that reached the highest standards in personnel management.

Commitment to social responsibility and sustainability

Consistently with its *raison d'être* “Working every day in the interest of our customers and society” and with the Group’s Environmental, Social and Governance (ESG) objectives, in 2021 Crédit Agricole Italia continued with its tangible commitment to sustainability and social matters through several initiatives combining all the aspects of the Bank’s activities.

The **first loan agreement in Italy combining economic growth, sustainability and crowdfunding was signed**. The contract, guaranteed by SACE, provides for a price reduction based on compliance with parameters stated by the Company in its Sustainability Report.

CA Italia was a main partner of the **Green Week**, the festival held in Parma in July, where the Group took centre stage in debates, events and panel discussions on Sustainability and respect for the Environment, also hosting some events at Crédit Agricole Green Life and at Le Village by CA in Parma.

Crédit Agricole For Future, a social initiative of the Group intended to support projects for education, inclusion and reduction of inequalities, was successfully completed. Eleven selected local organizations could finance their projects through fund raising campaigns on CrowdForLife – the Group’s crowdfunding portal.

The Group and **Legambiente** (an Italian environmental association) implemented a **circular economy** project, organizing 8 Community Forums linked to a New Life. These meetings involved 4 areas: Milan, Bologna, Vicenza and Campi Bisenzio, with the objective to heal, reconnect and develop local responses concerning social care, especially to the new needs caused by the pandemic.

Crédit Agricole Italia became a Supporting Member of the Consorzio Forestale **KilometroVerdeParma**, a forestry association pursuing the objective of creating green areas and permanent woods in Parma and its province: last year, over 12,000 trees were planted and an urban wood of 1,000 trees was created.

Parma, 5 August 2020

On 27 July 2021, 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 2021.

The main entities the Group consists of are Crédit Agricole Italia S.p.A. (Parent Company), Credito Valtellinese S.p.A., Crédit Agricole FriulAdria S.p.A., 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 and Balance Sheet highlights and Financial ratios of the Group

1S-2021 millions of Euro	GBCAI standalone <i>(net of CREVAL and of the non-recurring components arising from the acquisition)</i>	GBCAI combined <i>(including CREVAL)</i>
Net profit	211 (+118% YoY)	562
Operating income	1,000 (+9.4% YoY)	1099
Operating expenses	-611 (+0.5% YoY)	-679
Cost of credit	-127 (-43.7% YoY)	
Cost of credit (bps)	50	
Loans	51,093 (+4.6% YoY)	65,945
Direct Funding	54,530 (+4.6% YoY)	72,224
Asset Management	42,348 (+13.3% YoY)	50,551
Weight of Net NPLs	2.7%	
Weight of Gross NPLs	5.6%	
NPL coverage ratio (%)	53.2%	
CET1 Ratio		11.1%
Total Capital Ratio		15.8%
Equity	6,724	7,087

H1 2021 INCOME STATEMENT FIGURES

The Income Statement and Balance Sheet consolidated figures of the Group as at 30 June 2021 are not comparable to previous periods due to the change in the Group's perimeter which, since May 2021, includes the contribution as well as the assets and liabilities of Credito Valtellinese, and the non-recurring components resulting from the acquisition. In order for results to be comparable, the data have been presented net of the aforementioned change in the perimeter and of the related non-recurring components.

Net operating revenues came to Euro 1,000 million, increasing by +9.4% vs. the previous year, thanks mainly to the growth in the fee and commission income component, which is evidence of the commercial momentum that started in the previous months after the Group resumed full operation.

Net interest income came to Euro 468 million, down by -2.4% vs. the previous year. Net interest income continued to be affected by the decreasing trend in market rates, with a reduction attributable to intermediation with Customers, which was partly offset by the lower cost of funding. Interests from banks increased because of the higher economic impact resulting from the TLTRO exposure with the ECB.

Net fee and commission income came to Euro 483 million, increasing by +17.4% YoY, with the growth across both traditional services and management, intermediation and advisory services. Specifically, the increase in the latter (up by +27.8% YoY) was driven by the growth in volumes of products placed, both asset management products and consumer credit products. The "traditional and other" component increased by +2.2% YoY thanks to the gradual easing of the restrictive measures on circulation and commercial activities.

The **profit on financial activities** came to Euro 40 million, vs. Euro 1.2 million in the previous year, mainly resulting from disposals and arbitrage transactions on securities.

Total operating expenses came to Euro 611 million, stable YoY, despite including the contributions to the Single Resolution Fund (SRF), which increased by +18.0% YoY, equal to Euro 30 million. Excluding the contributions to the SRF and despite depreciation and amortization increasing by +2.3% YoY subsequent to the implementation of the investment program laid down in the MTP in the last few years, this aggregate slightly decreased (-0.3% YoY) thanks to the cost management policy and to the actions taken in previous years to rationalize the network of branches. The results of the efficiency enhancing actions are noticeable with regard to the ordinary administrative expenses (down by -3.6% YoY).

Due to the dynamic of revenues and costs, the **operating income** came to Euro 389 million, considerably increasing vsH1 2020 (up by +27.3% YoY).

Net value adjustments of loans and financial assets came to Euro 127 million, materially decreasing although the adjustments were kept conservative. This figure decreased by -43.7% vs. 2020, when the Group booked additional extra adjustments following the revision of the macroeconomic scenario given the Covid-19 impacts. Adjustments mostly concerned non-performing loans classified in Stage 3; adjustments of performing loans classified in Stage 1 and Stage 2 markedly decreased, as these loans required lower provisions (-80.3%, equal to Euro -44 million). The cost of credit risk (the ratio of the credit risk adjustments recognized in the income statement over net loans to customers) came to 50 bps, on-going normalization and returned to pre-crisis levels.

The profit for the period came to Euro 211 million, strongly increasing vs. H1 2020 (up by +118%) and includes the impact of the tax realignment of tangible and intangible assets. Including non-recurring elements, the change in perimeter linked to Creval acquisition and the badwill of Euro 378 million resulting from the provisional Purchase Price Allocation (PPA)⁹, the **Group reports a statutory net profit of Euro 562 million**.

THE BALANCE SHEET AS AT 30 JUNE 2021

Total assets - including also the contribution from Credito Valtellinese – resulting from the sum of loans, direct funding and assets under management, came to Euro 189 billion. Net of Creval contribution, this figure is equal to Euro 148 billion.

Loans to Customers¹⁰ came to Euro 51.1 billion, increasing by +4.6% YoY, driven by the growth in loans to households and businesses, reflecting the support provided by the Group to the economy, also with regard to the extraordinary measures deployed by the Italian Government, with Euro 3.1 billion of State guaranteed loans to assist households and businesses in the current emergency situation.

Higher volumes were achieved while keeping constant focus on **credit quality**: the stock of net NPLs came to Euro 1.4 billion decreasing by -6.2% vs. December 2020, giving evidence of the virtuous performance already reported in the previous periods. The ratio of total NPLs decreased, both net (2.7% vs. 3.0% in December 2020) and gross (5.6% vs. 5.8% in December 2020). Coverage ratios increased vs. 2020: coverage ratio of non-performing loans at 53.2% (vs. 51.2% in Dec. 2020) and coverage ratio of bad loans at 70.5% (vs. 68.4% in Dec. 2020).

Assets under management came to Euro 42.3 billion, up by +13.3% YoY, thanks to the increase in net inflows. This performance was achieved thanks to the contribution of both wealth management (up by +14.1% YoY) and the insurance segment (up by +12.6% YoY).

Direct funding came to Euro 54.5 billion, up by +4.6% YoY, thanks to the increase in Customers' deposits. Its growth slowed down slightly vs the end of the previous year (-1.2% vs. December 2020), reflecting the strategies deployed in order to diversify the excess of liquidity into greater value added product for customers.

More than satisfying **liquidity position**, with the LCR coming to 273%. The Group drew a **TLTRO III** loan from the ECB for Euro 11.5 billion, to which must be added Euro 5,0 billion drawn by CREVAL.

The Group's **capital strength** is confirmed once again, being well above the minimum requirements expected by the ECB for 2020, with the following consolidated ratios – including the acquisition of Creval and the related non-recurring components: Common Equity Tier 1 ratio Fully Loaded at 11.1%, the Tier1 ratio at 13,1% and Total Capital Ratio at 15.8%¹¹.

⁹ Provisional figure as allowed by the accounting standard, which leaves the buyer a period of 12 months from the acquisition date to complete the determination of the fair value of the acquired assets and liabilities.

¹⁰ Net of securities at amortized cost.

¹¹ Excluding the adjustments on the performing portfolio because of the provisional exercise of PPA

Profile of Crédit Agricole Italia

The Crédit Agricole Group, the 10th banking group worldwide, with 10.9 million mutual shareholders, operates in 48 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 5.2 million active customers, through over 1,500 points of sale and more than 17,500 employees, and increasing support to the economy with over Euro 94 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 (CA Indosuez Wealth Italy and CA Indosuez Fiduciaria).

www.credit-agricole.it

PRESS CONTACTS

External Relations Division - Crédit Agricole Italia

Phone: +39 0521.21.2826 / 2846 / 2801

Elisabetta Usuelli – elisabetta.usuelli@credit-agricole.it

Vincenzo Calabria – vincenzo.calabria@credit-agricole.it

Andrea Vighi – andrea.vighi@credit-agricole.it

Simona Carini – simona.carini@credit-agricole.it