

CRÉDIT AGRICOLE IN ITALY: NET PROFIT AT 551 MILLION EUROS IN THE FIRST NINE MONTHS OF 2020

The results as at 30 September 2020 of all **Crédit Agricole** entities in Italy were announced today, which recorded a net profit of **€ 551 million** (-15% y/y) with a result attributable to the CA Group of € 423 million. The performance was influenced by prudential provisions against the Covid-19 crisis.

Commercial activity remained dynamic, with Total Loans to the Economy increasing to **€78 billion**, and Total Funding¹ amounting to **€259 billion**.

Crédit Agricole is present in Italy, its second domestic market, with **14 thousand employees** and more **than 4.5 million customers** thanks to a Group composed not only of the Crédit Agricole Italia Banking Group but also of Corporate and Investment Banking (CACIB), Specialised Financial Services (Agos, FCA Bank), Leasing and Factoring (Crédit Agricole Leasing and Crédit Agricole Eurofactor), Asset Management and Asset Services (Amundi, CACEIS), Insurances (Crédit Agricole Vita, Crédit Agricole Assicurazioni, Crédit Agricole Creditor Insurance) and Wealth Management (CA Indosuez Wealth Italy and CA Indosuez Fiduciaria).

Close cooperation among the entities operating in the various business areas allows Crédit Agricole to operate in Italy with a wide and integrated offer, to the benefit of its clients and all economic players.

¹ Considering assets under management and depositary bank activity.

CRÉDIT AGRICOLE ITALIA BANKING GROUP: NET PROFIT AT 169 MILLION EUROS

- Increase in loans to households and businesses (+8% vs Dec-19), direct funding stock (+7% vs Dec-19) and assets under management (+2% vs Dec-19²).
- Relaunch of commercial activity, back to pre-crisis levels, with production on the rise: in September, new home loans grew by +7.0% vs Set-19 and new non-life policies by +12.0% vs Set-19.
- Profitability recovered progressively: the third quarter recorded revenues in line with 2019 and September showed growth of +5% YoY.
- Credit quality: net NPE ratio at 3.1% with coverage increasing to 55.3%.
- High level of liquidity with LCR over 200% and solid capital position with a Total Capital Ratio at 18.3%.
- Client Recommendation Index: +8 points vs 2019, 2nd universal bank of Italy for customer satisfaction.
- Maximum attention to training: through the Digital Academy, almost 400 thousand hours of training were provided in the first 9 months of 2020, with the involvement of the entire company population, thanks to about 600 courses and 41 thematic areas, able to create personalised online training courses.
- Reaching 80% of colleagues enabled to the smart working with a very high level of appreciation from users.
- Inaugurated Le Village by CA Parma, which joins the one in Milan, where 29 start-ups, 14 enablers and 17 partners are already present, including the main companies and institutions of Emilia-Romagna.
- The Group's commitment to social issues continues: the overall value of the Group's initiatives in Italy amounted to approximately 3 million euros. Among the most recent initiatives, there is an extraordinary contribution of over 325 thousand euros, together with Fondazione Carismi, aimed at reopening schools safely in six municipalities of the Leather District in Tuscany.
- On the CrowdforLife portal, inaugurated a year ago, the Crédit Agricole for Future was launched, a social call of the entire Crédit Agricole Group in Italy to support projects united by common themes: education, inclusion and the reduction of inequalities.

² Change in assets under management net of the market effect.

Milan – November the 4th, 2020 - The results as at 30 September 2020 of the Crédit Agricole Italia Banking Group were announced today, consolidating its ability to consistently produce positive results thanks to a balanced and diversified business model, in a market context that is affected by the slowdown in economic activity conditioned by the Covid-19 health emergency.

In the first nine months of 2020, Crédit Agricole Italia achieved a net profit of **169 million (-29%)**, as it includes prudential non-recurring provisions for the Covid-19 crisis. The result would be at **200 million, excluding the contribution to the Resolution Fund (FRU) and the extraordinary charges** incurred for the management of the health emergency.

Support for businesses and families

11.6 billion were made available to almost **105 thousand clients, including moratoria, loans and state-guaranteed financing**, of which about **2 billion has already been disbursed**. In the first nine months of the year, the Group also granted more than **37.000 loans related to the Liquidity Decree**, 89% of which with amounts up to 30 thousand euros, and continued the cooperation protocol with SACE "Garanzia Italia", aimed at supporting the recovery of enterprises.

The third quarter saw a boost in commercial activity that began in June, with monthly production returning to pre-crisis levels. In particular, the performance of **new home loans** reflects the return to pre-Covid productivity with September up compared to 2019 (**up 7.0% YoY**) and a quarter that was broadly stable compared to the previous year. The performance of the *bancassurance* segment with the production of the **new non-life policies** was positive as well, which, in September, **increased by 12%** compared to September 2019.

The commercial thrust was reflected in the growth in volumes: compared to December 2019, the **stock of loans³ increased by +8%**, direct funding by +7% and assets under management by +2%² with asset management placements which, in September, recorded the second best performance since the beginning of the year.

Recovery of revenues and expenses under control

The restart of the commercial activity was accompanied by **a recovery in profitability**, with revenues in the third quarter returning to the levels of the previous year and with September **up by 5% on the same month in 2019**, driven in particular by Wealth Management fees.

The containment of the expenses continued thanks to the efficiency and rationalisation actions. Ordinary operating expenses, excluding the contribution to systemic funds and extraordinary costs related to the coronavirus emergency, down by 3.0% YoY despite increasing amortisation and depreciation as a result of the growth in investments to support the business.

³ Excluding securities at amortized cost.

Strong capital position and focus on asset quality

Constant attention was given to asset quality, where there was a further reduction in the ratio of **net non-performing loans and net bad loans**, which amounted to 3.1% and 1.1% respectively. The coverage of the *non-performing loans* increased to 55.3% and to 70.9% for bad loans.

High level of liquidity **with LCR over 200%**. The capital position is also solid with a **Total Capital Ratio of 18.3%**, and a capital buffer well above the minimum level assigned by the ECB for 2020.

Customer centrality and Innovation

In a period strongly affected by the health emergency that is still ongoing, Crédit Agricole Italia has **guaranteed its customers operability in all areas**, implementing new services, allowing retail and private managers and financial advisors to work in web collaboration.

In addition, a dedicated task force with more than 120 people has been working since the beginning of the emergency to manage all the extraordinary customer needs.

The Customer Recommendation Index is positioned **at +8 point** in 2020 (up compared to 2019) and places the CA Italia Group in second place among the universal banks in Italy. This is the result of a considerable commitment on this front and of the numerous initiatives implemented, aimed at continuously strengthening customer satisfaction.

Le Village by CA Parma was inaugurated, an ecosystem of innovation that complements the one already operating in Milan. There are already **29 start-ups, 14 enablers and 17 partners** including the main companies and institutions in Emilia Romagna. The start-ups operate mainly, but not exclusively, **in five different areas identified by the acronym "P.A.R.M.A."**: Pharma & Life Science, Agrifood Tech, Regenerative, Mechanics and Mobility, Industrial Automation and Digital.

At the end of June, a new Hub was inaugurated in Brescia, following those already opened in other regions of Italy, to offer all the services of Crédit Agricole Italia in a single location with specialist figures working in constant synergy.

Commitment to people and training

In order to continue to cope with the emergency, the Bank has maintained all health and protection protocols in place to continue to guarantee the safety of colleagues, clients and citizens, making **personal protective equipment** available **free of charge** to all staff and the possibility of **carrying out serological testing on a voluntary basis**.

The **Digital Academy**, the internal online training platform, provided almost **400.000 training hours** in the first 9 months of 2020, involving almost all **the company's workforce** for an average of 40 hours of training per capita.

About **600 courses and 41 thematic areas** are available to all employees, capable of creating customised online training courses, with 10 specific sections on customer

satisfaction through courses, pills and summary sheets. **More than 1.500 colleagues** have taken part in Speex courses aimed at **learning foreign languages**.

The number of employees qualified for smart working reached 80%, a tool that has had an extremely positive impact in terms of social relations, corporate culture and work organisation, **with almost 90% of users' appreciation**.

Commitment to social and sustainability

In line with the Group's raison d'être "Acting every day in the interests of our customers and society", Crédit Agricole Italia has continued its commitment to social issues during these difficult months for the public. **The overall value of the Group's initiatives in Italy was approximately 3 million euros**.

Crédit Agricole Italia purchased **82 machines for assisted ventilation** during the critical phase of the emergency, together with other equipment, for many hospitals in the area that urgently needed them (in synergy with the shareholder Foundations: Cariparma, Piacenza and Vigevano, Carispezia, San Miniato, Lugo; and the local Foundations: Cesena, Rimini, Faenza). Among the most recent initiatives, there is also an **extraordinary contribution of over 325 thousand euros, together with Fondazione Carismi, for six municipalities of the Leather District** in Tuscany, aimed at reopening the schools safely through important upgrading works.

These initiatives are in addition to various solidarity contributions for numerous institutions in Lombardy, Emilia Romagna, Veneto, Liguria and other areas of Italy and to the crowdfunding initiative in favour of the **Italian Red Cross** finalized during the lockdown. This one raised a total of 1.5 million euros thanks to the commitment of all Crédit Agricole entities in Italy, the Payroll Giving, the direct contributions from managers and employees of Crédit Agricole Italia, Agos and Amundi Italia, together with the donations from customers and suppliers.

On the crowdfunding portal, CrowdforLife, which celebrates its first year of activity, **Crédit Agricole for Future** was launched at the end of September, a social call of the entire Crédit Agricole Group in Italy to support projects united by common themes: **education, inclusion and the reduction of inequalities**.

Profile of Crédit Agricole Italia

Crédit Agricole operates in Italy, its second domestic market, with over 14 thousand employees and more than 4.5 million customers, and accounts for Euro 78 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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CRÉDIT AGRICOLE ITALIA CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2020
TOTAL ASSETS

Items (€thousands)		30.09.2020	31.12.2019	Delta
10.	Cash and cash equivalents	291,458	370,059	(78,601)
20.	Financial assets measured at fair value through profit or loss (IFRS 7 par. 8 lett. a))	151,415	125,010	26,405
	a) financial assets held for trading;	90,553	97,400	(6,847)
	b) financial assets designated at fair value;	-	-	-
	c) other financial assets mandatorily measured at fair value	60,862	27,610	33,252
30.	Financial assets measured at fair value through other comprehensive income (IFRS 7 par. 8 lett. h))	3,054,914	3,068,244	(13,330)
40.	Financial assets measured at amortized cost (IFRS 7 par. 8 lett. f))	66,023,110	56,343,788	9,679,322
	a) loans to banks	7,583,797	4,743,595	2,840,202
	b) loans to customers	58,439,313	51,600,193	6,839,120
50.	Hedging derivatives	1,059,286	759,816	299,470
60.	Fair value change of financial assets in macro-hedge portfolios (+/-)	140,506	119,729	20,777
70.	Equity investments	20,483	20,483	-
80.	Technical insurance reserves reassured with third parties	-	-	-
90.	Property, Plant and Equipment	960,347	1,017,849	(57,502)
100.	Intangible assets	1,866,743	1,912,606	(45,863)
	- of which goodwill	1,575,536	1,575,536	-
110.	Tax assets	1,411,206	1,504,346	(93,140)
	a) current	278,571	304,325	(25,754)
	b) deferred	1,132,635	1,200,021	(67,386)
120.	Non-current assets held for sale and discontinued operations	5,207	-	5,207
130.	Other assets	529,754	412,429	117,325
	Total assets	75,514,429	65,654,359	9,860,070

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

Items (€thousands)		30.09.2020	31.12.2019	Delta
10.	Financial liabilities measured at amortized cost (IFRS 7 par. 8 lett. g))	65,094,410	56,003,022	9,091,388
	a) due to banks	11,554,925	6,105,259	5,449,666
	b) due to customers	43,125,022	40,795,173	2,329,849
	c) debt securities issued	10,414,463	9,102,590	1,311,873
20.	Financial liabilities held for trading	102,738	81,980	20,758
30.	Financial liabilities designated at fair value (IFRS 7 par. 8 lett. e))	-	-	-
40.	Hedging derivatives	616,752	509,730	107,022
50.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	485,002	421,173	63,829
60.	Tax liabilities	211,209	275,107	(63,898)
	a) current	125,605	184,715	(59,110)
	b) deferred	85,604	90,392	(4,788)
70.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-
80.	Other liabilities	1,864,220	1,316,885	547,335
90.	Employee severance benefits	119,575	123,894	(4,319)
100.	Provisions for risks and charges	299,495	335,516	(36,021)
	a) financial guarantees and other commitments	32,858	33,656	(798)
	b) post-employment and similar obligations	34,601	37,325	(2,724)
	c) other provisions for risks and charges	232,036	264,535	(32,499)
110.	Technical reserves	-	-	-
120.	Valuation reserves	(60,404)	(62,199)	1,795
130.	Redeemable shares	-	-	-
140.	Equity instruments	715,000	715,000	-
150.	Reserves	1,653,170	1,379,853	273,317
160.	Share premium reserve	3,117,848	3,117,840	8
170.	Capital	979,235	979,233	2
180.	Treasury shares (+/-)	-	-	-
190.	Minority interests (+/-)	146,851	143,256	3,595
200.	Profit (Loss) for the year	169,328	314,069	(144,741)
	Total liabilities and equity	75,514,429	65,654,359	9,860,070

CRÉDIT AGRICOLE ITALIA RECLASSIFIED CONSOLIDATED INCOME STATEMENT

Items (€thousands)	30.09.2020	30.09.2019	Delta
Net interest income	730,779	761,046	(30,267)
Net fee and commission income	628,704	669,540	(40,836)
Dividends	10,438	11,331	(893)
Profit (loss) on trading activities	9,361	4,791	4,570
Other operating income (expenses)	10,598	5,509	5,089
Net operating income	1,389,880	1,452,217	(62,337)
Personnel expenses	(529,657)	(546,871)	17,214
Administrative expenses	(239,627)	(240,072)	445
Amortization of intangible assets and depreciation of property, plant and equipment	(129,579)	(121,355)	(8,224)
Operating expenses	(898,863)	(908,298)	9,435
Operating margin	491,017	543,919	(52,902)
Impairments of Goodwill	-	-	-
Net provisioning for risks and charges	(5,114)	(7,016)	1,902
Net impairments of loans	(304,873)	(181,204)	(123,669)
Net Impairment of financial instruments	(5,477)	(237)	(5,240)
Profit (loss) on other investments	66,262	428	65,834
Profit (loss) on continuing operations before taxes	241,815	355,890	(114,075)
Taxes on income from continuing operations	(66,003)	(106,770)	40,767
Profit (Loss) after tax from discontinued operations	-	-	-
Net profit (loss) for the year	175,812	249,120	(73,308)
Net profit (loss) for the year attributable to minority interests	(6,484)	(9,382)	2,898
Net profit (loss) attributable to the Parent Company	169,328	239,738	(70,410)

CRÉDIT AGRICOLE ITALIA CREDIT QUALITY AS AT 30 SEPTEMBER 2020

Items (€thousands)	30.09.2020			Coverage %
	Gross exposure	Total adjustments	Net exposure	
- Bad loans	1,907,554	1,353,013	554,541	70.9%
- Unlikely to Pay	1,515,094	568,911	946,183	37.5%
- Past due	61,091	5,345	55,746	8.7%
Non-performing loans	3,483,739	1,927,269	1,556,470	55.3%
Performing loans - stage 2	2,749,974	193,199	2,556,775	7.03%
Performing loans - stage 1	46,183,684	86,537	46,097,147	0.19%
Performing loans	48,933,658	279,736	48,653,922	0.57%
Loans to Customers	52,417,397	2,207,005	50,210,392	4.21%
Securities at amortized Cost	8,238,396	9,475	8,228,921	0.1%
Total Loans to Customers	60,655,793	2,216,480	58,439,313	3.7%

CRÉDIT AGRICOLE ITALIA CAPITAL AS AT 30 SEPTEMBER 2020

Items (€millions)	30.09.20	30.06.20	31.03.20	31.12.19	Delta 09/20 vs 06/20
OWN FUNDS					
Common Equity Tier 1 Capital	3,644	3,620	3,525	3,562	24
Tier 1 Capital	4,372	4,349	4,254	4,288	23
Total Capital	5,230	5,209	5,120	5,162	21
PRUDENTIAL SUPERVISORY REQUIREMENTS					
Total Risk-weighted assets	28,533	28,734	29,452	28,550	-201
- of which credit risk	25,351	25,559	26,207	25,286	-208
CAPITAL ADEQUACY RATIOS					
Common Equity Tier 1 ratio	12.77%	12.60%	11.97%	12.48%	0.17%
Tier 1 ratio	15.32%	15.14%	14.44%	15.02%	0.19%
Total Capital ratio	18.33%	18.13%	17.38%	18.08%	0.20%

CRÉDIT AGRICOLE ITALIA DIRECT AND INDIRECT FUNDING AS AT 30 SEPTEMBER 2020

Items (€thousands)	30.09.2020	31.12.2019	Delta
- Deposits	1,353,455	1,687,289	(333,834)
- Current and other accounts	41,279,350	38,635,246	2,644,104
- Other items	257,887	285,139	(27,252)
- Repurchase agreements	-	-	-
Due to customers	42,890,692	40,607,674	2,283,018
Debt securities issued	10,414,463	9,102,590	1,311,873
Total direct funding	53,305,155	49,710,264	3,594,891
Indirect funding	71,926,138	71,294,531	631,607
Total funding	125,231,293	121,004,795	4,226,498
- Asset management products	16,994,843	17,316,598	(321,755)
- Insurance products	21,068,325	20,682,863	385,462
Total assets under management	38,063,168	37,999,461	63,707
Assets under administration	33,862,970	33,295,070	567,900
Indirect funding	71,926,138	71,294,531	631,607

CRÉDIT AGRICOLE ITALIA RETAIL NETWORK AS AT 30 SEPTEMBER 2020

Region	Branches
Campania	49
CE	10
NA	38
SA	1
Emilia Romagna	243
BO	13
FC	30
FE	4
MO	13
PC	45
PR	71
RA	22
RE	12
RN	33
FVG	81
GO	3
PN	28
TS	5
UD	45
Lazio	40
FR	2
LT	1
RI	1
RM	35
VT	1
Liguria	59
GE	12
IM	5
SP	39
SV	3
Lombardia	154
BG	7
BS	4
CO	11
CR	23
LC	2
LO	6
MB	6
MI	44
MN	17
PV	24
VA	10

Region	Branches
Marche	8
AN	4
FM	1
MC	1
PU	2
Piemonte	50
AL	10
AT	1
BI	1
CN	1
NO	5
TO	30
VB	1
VC	1
Toscana	100
AR	5
FI	36
GR	1
LI	7
LU	7
MS	14
PI	22
PO	2
PT	4
SI	2
Umbria	8
PG	8
Veneto	80
BL	1
PD	18
RO	3
TV	20
VE	27
VI	7
VR	4
Totale	872