

Crédit Agricole: adapting to the new environment



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DISCLAIMER



This presentation may include prospective information on the Group, supplied as information on trends. This data does not represent forecasts within the meaning of European Regulation 809/2004 of 29 April 2004 (chapter 1, article 2, § 10).

This information was developed from scenarios based on a number of economic assumptions for a given competitive and regulatory environment. Therefore, these assumptions are by nature subject to random factors that could cause actual results to differ from projections.

Likewise, financial information is based on estimates, particularly in calculating market value and asset impairment.

Readers must take all these risk factors and uncertainties into consideration before making their own judgement.

The figures presented in this document were not reviewed by auditors.



- 1. The environment has changed**
- 2. Initiatives that are already paying off**
- 3. Objectives in order to adapt to the new environment**
- 4. Our action plan**
- 5. Liquidity reserves**
- 6. Focus: exposure to peripheral eurozone countries**
- 7. Our assets: a resilient model and the specific architecture of the Group**

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1. THE ENVIRONMENT HAS CHANGED

- **Challenging economic environment**
- **Long-term reduction of liquidity**
 - Constrained access to long-term financing
 - Reduced short-term financing, particularly in dollars
- **Increased prudential requirements**
- **Need to reduce leverage and balance sheets**

Crédit Agricole group is adapting to the new environment

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2. INITIATIVES THAT ARE ALREADY PAYING OFF

Thanks to its robust and diversified business model (currencies, investors, more than 25 treasuries worldwide), Crédit Agricole group has coped well with the reduction in USD liquidity in the summer of 2011

- **Short-term* debt down from €170bn at 30 June 2011 to €145bn at 14 September 2011**
 - The share of USD in short-term debt came down to 27% at 14 September from 44% at 30 June
 - The share of USD from USA in short-term debt came down to 14% at 14 September from 37% at 30 June
 - Increase in the contribution of treasury desks in Asia and the Middle East

- **The Group has adapted to the withdrawal of money-market funds**
 - Financing through US money-market funds now only €6bn

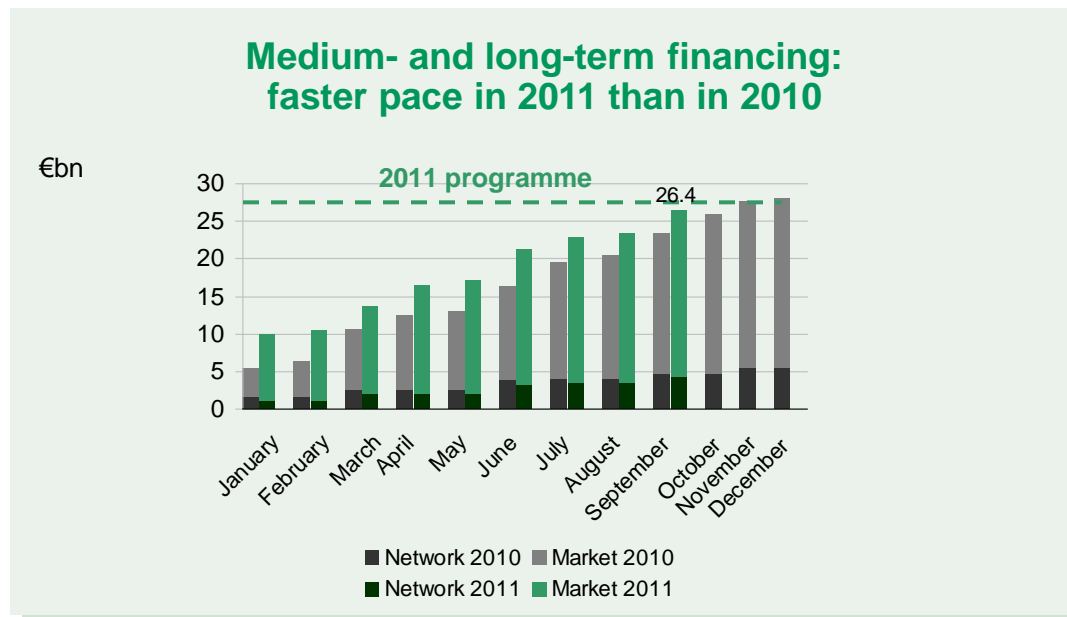
- **Ongoing surplus USD cash position, with USD8bn of daily overnight deposits at the Fed**

*Net surplus liquidity placed with central banks

2. INITIATIVES THAT ARE ALREADY PAYING OFF

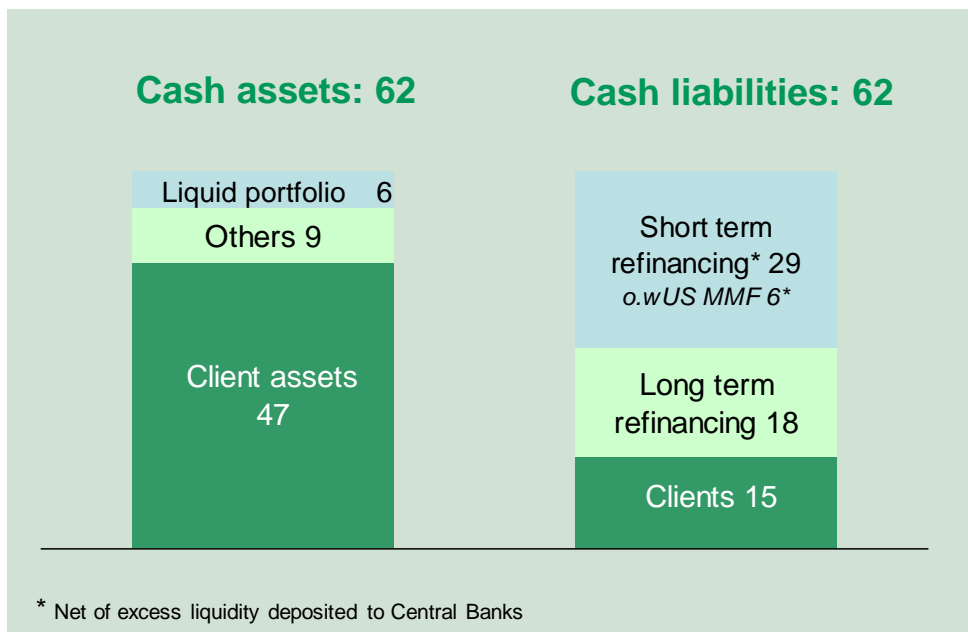
Secure medium- to long-term refinancing

- **LT refinancing: the 2011 market funding programme (€22bn) is 100% complete**
 - Issue of €1.25bn of covered bonds on 31 August
- **The €5bn network funding programme is 83% complete and ahead of schedule, with €600m of investment attracted in September**
- **Overall, €26.4bn has been raised with an average term of 6.6 years and a competitive average spread of 84bp above 6-month swaps**



2. INITIATIVES THAT ARE ALREADY PAYING OFF

USD cash balance sheet of Crédit Agricole group at 14 September 2011 (in €bn equivalent)



- A small share of Crédit Agricole Group balance sheet
- Small share of refinancing by US MMF
- Access to USD short-term refinancing is realised through a large number of treasury desks worldwide

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3. OBJECTIVES IN ORDER TO ADAPT TO THE NEW ENVIRONMENT

- A €50bn structural reduction in our debt between June 2011 and December 2012, including a €45bn cut in short-term debt (-26%)

€ bn	June 2011	December 2012 target	Decrease
ST debt*	170	125	- 45
MLT debt	140	135	- 5
TOTAL	310	260	- 50

These figures include an increase in reserves eligible to the Basel 3 liquidity buffer

- A €12bn of medium- to long-term market refinancing programme for 2012, down from €22bn in 2011 (-45%)

* Short-term debt net of overnight deposits and other surplus liquidity

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4. OUR ACTION PLAN

Corporate and investment banking

- **Corporate and investment banking: 15% of revenues of Crédit Agricole Group business lines**
- **Since 2007 and thanks to the 2008-2010 CIB refocusing plan, refinancing requirements have already been reduced by €35bn**
- **The new plan: a €15-18bn supplementary and sustainable reduction in financing needs of CIB**
 - Gradual discontinuation of certain businesses after a portfolio review
 - Targeted reduction in structured finance, commercial banking and market activities
 - Closure of non-strategic countries
 - First step: €9bn at the end of 2011

4. OUR ACTION PLAN

Corporate and investment banking

■ A plan adapted to market conditions

- One target: the reduction of the weight of dollar refinancing
 - More than 75% of the deleverage plan realised in dollar
- An analysis in terms of both ROE and Return on Liquidity
 - Deleverage focused on the last quartile of businesses in terms of Return on Liquidity
- A focus of growth
 - Priority on deleveraging businesses with a small cross selling rate or a weak intrinsic profitability

■ Accelerated disengagement from selective discontinuing operations

4. OUR ACTION PLAN

Specialised financial services

■ €9-11bn reduction in financing needs

- Disposal of loan portfolios
- Withdrawal from certain businesses
- More generally, a reduction in refinancing requirements
- At the same time, an increase in alternative sources of funding in certain countries where the Group has no retail banking operations

4. OUR ACTION PLAN

Retail banking in France and abroad

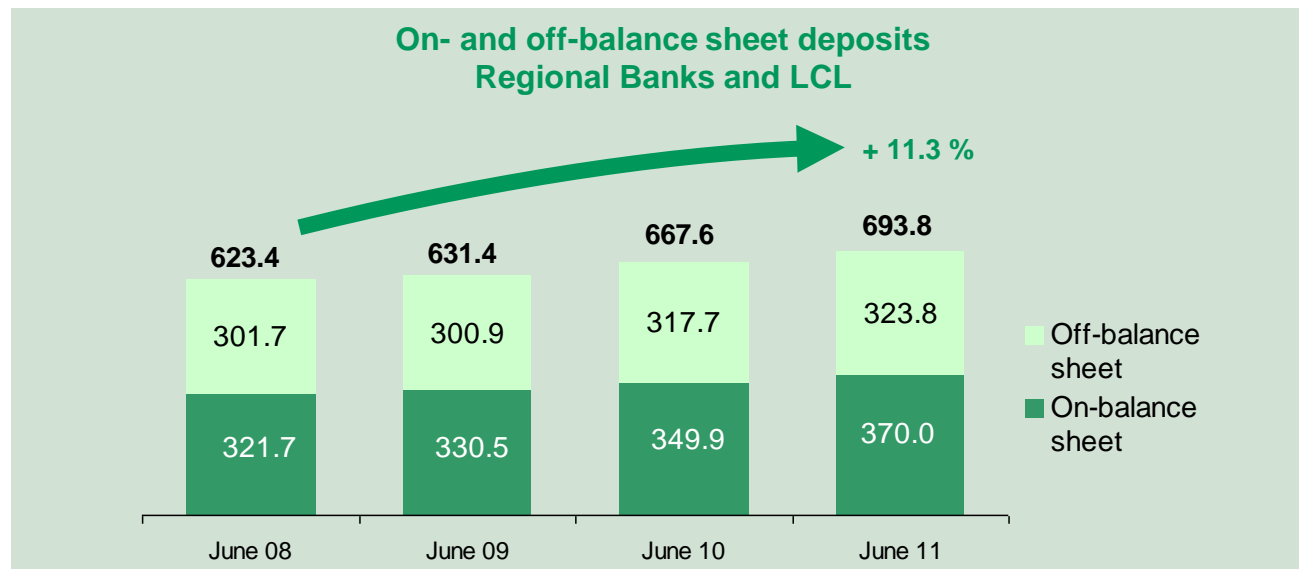
■ Focus on retail banking

- Proportion of capital allocated to retail banking increased to 75% from 70%

■ €21-23bn reduction in financing needs

■ €370bn deposit base, steadily increasing

■ €324bn in off-balance sheet deposits, with the potential to shift some growth to on-balance sheet savings



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5. LIQUIDITY RESERVES

- **More than €110bn of available liquidity reserves at 14 September 2011**

- **Large base of high-quality available assets that can be used in securitisation deals**
 - Large variety of available assets amounting to approximately €150bn at 30 June 2011 among housing loans, guaranteed export credit, consumer loans

- **Assets generating potential liquidity**
 - Possible recourse to collateralised lending
 - Ability to securitise to support the deleveraging plan

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6. FOCUS: EXPOSURE TO PERIPHERAL EUROZONE COUNTRIES

Limited and manageable exposure

- **Net exposure of the banking group to peripheral eurozone countries*:
0.7% of total assets**

	Net exposure (€m)	Share of total assets
Greece	329	0.02%
Ireland	144	0.01%
Portugal	827	0.05%
Spain	1,794	0.11%
Italy	8,728	0.55%

- 14% of exposure to these countries maturing in the second half of 2011

* Excluding deferred tax assets – Crédit Agricole Group at 30 June 2011

6. FOCUS: EXPOSURE TO PERIPHERAL EUROZONE COUNTRIES

Emporiki: reinforced measures

■ Emporiki's activity

- Net loans outstanding: €21bn at 30 June 2011
- Refinancing by €11.6bn of deposits at 30 June 2011
- Refinancing by Crédit Agricole S.A. of €8.8bn at 15 September 2011
(As a reminder: €9.7bn at 30 June 2011 and €10.4bn at 31 March 2011)
- The shareholder's advance amounts to €1bn at 15 September 2011

■ Action undertaken

- Diversification of Emporiki's refinancing sources
 - Use of alternative sources of funding (EMTNs, CDs)
 - Higher interest rates offered on term accounts
 - Recourse to ECB funding
 - €500m in July, to be increased to more than €800m by end-October
 - Growing base of eligible assets
- Efforts to improve gross operating income and reduce cost of risk
 - Cost savings (-18.4% YOY in H1 2011)
 - Increased efforts in debt collection
 - Ongoing highly restrictive policy on new lending

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7. OUR ASSETS: A RESILIENT MODEL AND THE SPECIFIC ARCHITECTURE OF THE GROUP



Crédit Agricole Group: leader in Retail Banking in Europe*

■ Regional Banks

- 21 million customers
- More than 7,000 branches in France
- 4.9 million online banking users

■ LCL

- 6 million customers
- More than 2,000 branches in France
- 1.7 million online banking users

■ International retail banking

- 6.5 million customers including 5.5 million in Europe
- Over 2,500 branches

Breakdown of NBI by business line in 2010
Crédit Agricole Group Top 10 European banks*

- CIB
- SFS
- Savings management
- Retail banking



* In terms of revenues and number of branches

** Pro forma after integration of CariSpezia, Intesa Sanpaolo group branches and disposals of subsidiaries in Cameroon and Uruguay

7. OUR ASSETS: A RESILIENT MODEL AND THE SPECIFIC ARCHITECTURE OF THE GROUP



Structural strength based on cross guarantees between Crédit Agricole S.A. and the Regional Banks

- **Joint and several guarantee of Regional Banks between themselves and toward Crédit Agricole S.A.**
 - Through a general guarantee, the Regional Banks guarantee obligations of Crédit Agricole S.A. to third parties and cross guarantee themselves.
 - The potential liability of the Regional Banks under this guarantee is equal to the aggregate of their share capital and retained earnings (€46.1bn at end-2010)
 - A default of Crédit Agricole S.A. would be covered by the aggregate capital of the Regional Banks
 - The default of a Regional Bank would be immediately covered by the aggregate capital of the Regional Banks as a whole, and therefore there cannot be any individual default of a Regional Bank

- **The Switch builds on internal solidarity mechanism**
 - Before the end of the year, €50bn risk-weighted assets will be transferred from Crédit Agricole S.A. to the Regional Banks

- **Commitment of Crédit Agricole S.A. toward the Regional Banks**
 - As the Central Body of the Crédit Agricole Network, Crédit Agricole S.A. must ensure that each and all of the Regional Banks maintain satisfactory liquidity and solvency and takes all measures relevant to that purpose

7. OUR ASSETS: A RESILIENT MODEL AND THE SPECIFIC ARCHITECTURE OF THE GROUP

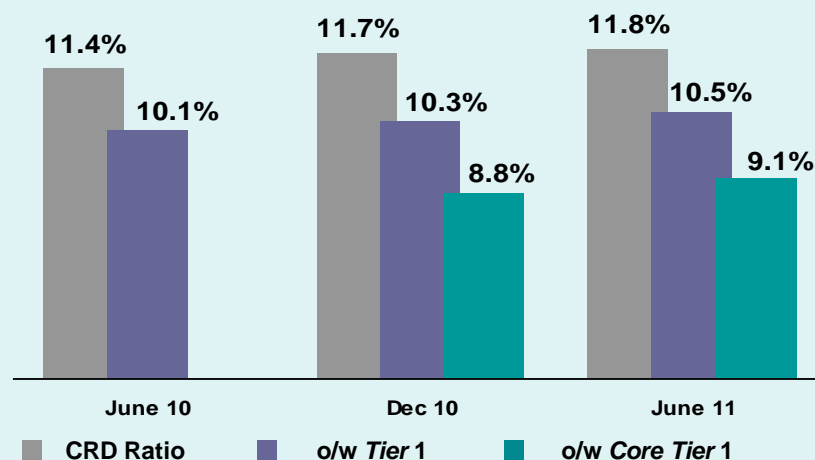
A Group with strong solvency ratios

■ Solvency ratios improving steadily

- **Core Tier 1:** + 30 bp in H1, to **9.1%**
- **Tier 1:** + 20 bp in H1, to **10.5 %**

■ Target: 9 % Common Equity Tier 1 in 2013

Crédit Agricole Group solvency ratios
(Basel 1 floored)





CONCLUSION

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