MAJOR INCREASE IN RESULTS ACROSS ALL BUSINESS LINES

GROUP CA AND CREDIT AGRICOLE S.A. STATED AND UNDERLYING DATA Q2-2021

Robust commercial activity, sharp rise in earnings, high levels of profitability

	CRÉDIT AGRICOLE GROUP		CRÉDIT AGRICOLE S.A.	
	Stated	Underlying	Stated	Underlying
Revenues	**€9,304m** +14.9% Q2/Q2	**€9,295m** +8.9% Q2/Q2	**€5,819m** +18.8% Q2/Q2	**€5,829m** +12.4% Q2/Q2
Costs excluding SRF	**-€5,536m** +9.9% Q2/Q2	**-€5,504m** +9.4% Q2/Q2	**-€3,253m** +9.2% Q2/Q2	**-€3,221m** +8.3% Q2/Q2
Gross operating income	**€3,756m** +27.2% Q2/Q2	**€3,779m** +11.2% Q2/Q2	**€2,554m** +39.0% Q2/Q2	**€2,596m** +21.9% Q2/Q2
Cost of risk	**-€470m** -61.1% Q2/Q2	**-€445m** -63.1% Q2/Q2	**- €279m** -66.8% Q2/Q2	**-€254m** -72.0% Q2/Q2
Net income Group share	**€2,770m** +86.8% Q2/Q2	**€2,367m** +32.6% Q2/Q2	**€1,968m** x2.1 Q2/Q2	**€1,615m** +46.0% Q2/Q2
C/I ratio (excl. SRF)	**59.5%** -2.7 pp Q2/Q2	**59.2%** +0.3 pp Q2/Q2	**55.9%** -5.0 pp Q2/Q2	**55.3%** -2.1 pp Q2/Q2

Crédit Agricole S.A. STATED DATA Q2 2021 highest level since 2007

Stated result x2.1 Q2/Q2, including +€353 million in specific items (of which +€925 million CreVal gross badwill)

UNDERLYING DATA

Underlying net income up sharply: +46.0% Q2/Q2 to €1,615 million; +30% vs pre-crisis level

Gross operating income: +21.9% Q2/Q2: increase in revenues related to sustained activity and a positive market effect, increase in expenses related to the recovery and scope effect (+3.6% Q2-21/Q2-19, excluding scope effect)

Cost of risk at 41 bp over four rolling quarters, coverage ratio up

PROFITABILITY

Positive jaws effect, improvement in cost/income ratio: 55.3% (-2.1 pp Q2/Q2);

Underlying H1-21 RoTE at 13,6%[1], 2,6 pp above the average of 10 major European banks for the past five years

Constantly renewed organic growth potential (insurance equipment rate up)

Very strong capital position at Group level

	CRÉDIT AGRICOLE GROUP		CRÉDIT AGRICOLE S.A.	
Phased-in CET1	**17.3%**	stable June/March	**12.6%**	-0.1 June/March
	+8.4 pp above SREP requirements		+4.7 pp above SREP requirements	
	In EBA stress tests adverse scenario, CET1 at the top level of European G-SIBs		Application made for a second share buyback of up to €500 million in Q4-21	

[1] *ROTE calculated on the basis of underlying net income Group share and annualised IFRIC 21 costs*

Strong stance taken by all business lines for a low-carbon economy and to include the young

CRÉDIT AGRICOLE GROUP	CRÉDIT AGRICOLE S.A.
Joins the Net Zero Banking Alliance initiatives	#1 provider of renewable energy financing in France
Announces of a €25 million plan for the young	#1 responsible investor in Europe

HIGHLIGHTS Ongoing development initiatives in Europe

- **Crédit Agricole Italia: following the successful takeover bid for CreVal, first-time consolidation in Q2-21 (+€98 million in revenues, +€65 million in expenses, +€7 million in earnings).**
  - **Gross badwill of +€925 million for this quarter, against which was charged an initial estimate of provisions, before a final purchase price allocation before end 2021, in the amount of -€547 million including loan portfolio revaluations**
- **Amundi: signature of a framework agreement for the acquisition of Lyxor, ahead of schedule, with completion expected by end 2021**
- **Ramping-up of Amundi Technology**

Dominique Lefebvre,
Chairman of SAS Rue La Boétie and Chairman of the Crédit Agricole S.A. Board of Directors

"With the Group's societal project, Crédit Agricole wants to make a new growth model possible, respectful of environment, and that will result in progress for all"

Philippe Brassac,
Chief Executive Officer of Crédit Agricole S.A.

"Not surprisingly, results are excellent this quarter, and have reached historic levels. Building upon its fundamental differences, the Group is at the forefront to respond to the major challenges of society."

Crédit Agricole Group

Group activity

The government's strategy of accompanying and supporting the economy is enabling a rebound in customer activity, despite uncertainty about the pace of exit from the crisis and the normalisation of the economy. The economic indicators show that customer activity returns to pre-crisis levels each time restrictions are lifted. The amount of payments made by Group cardholders (Regional Banks and LCL) has risen sharply (+15.5% between end March 2021 and end June 2021) and is higher than in 2019 (+10.5% compared to end June 2019). The increase in manufacturing PMI (+7.9 points in France since end December 2020) and household and business leaders' confidence (+21.9-point improvement in the business climate since end December 2020) also reflect this recovery in economic activity.

Against this backdrop, the Group's commercial activity has been buoyant across all business lines. Gross customer capture has been especially strong. In first half of 2021, the Group recorded +906,000 new retail banking customers, 828,000 of them in France (647,000 customers for the Regional Banks) and 77,000 in Italy, while the customer base has continued to grow (+163,000 customers). In second quarter 2021, the Group gained +436,000 new retail banking customers, 398,000 of them in France (308,000 for the Regional Banks) and 38,000 in Italy, with the customer base also growing (+87,000 customers). Loan production was back to pre-crisis levels, with a 15.0% increase in loans at the Regional Banks and LCL compared to pre-crisis levels. Consumer finance and new business in property and casualty insurance has also returned to the pre-crisis level.

Each of the Group's business lines posted very strong levels of activity (see Infra).

Crédit Agricole Group's market share has also increased since the publication of the Group Project and the 2022 Medium-Term Plan. For instance, the market share for household loans, individual death and disability insurance, creditor insurance, life insurance and property and casualty insurance has increased by about one percentage point to 29%,[2] 21%,[3] 16%,[4] 15%[5] and 7%[6] respectively. The potential for organic growth is constantly renewed, thanks to the strength of the Group's development model. Against this backdrop, the equipment rate[7] at the Regional Banks, LCL and CA Italia has risen sharply since end 2019 (+1.7 percentage point, +1.2 percentage point and +3.0 percentage points respectively) and end 2018 (+6.2 percentage points, +2.5 percentage points and +4.7 percentage points respectively) to 42.4%, 26.2% and 18.4% respectively at 30 June 2020.

In France, the Group's gross exposure to French state-guaranteed loans stands at €23.8 billion at 30 June 2021, split between 64% at the Regional Banks, 28% at LCL and 8% at CACIB. This corresponds to €2.9 billion[8], net of French government guarantees. The market share on SGL requests to LCL and Regional banks amount to 28%. In Italy, the Group's gross exposure to state-guaranteed loans stands at €4.8 billion, or €0.6 billion net of government guarantees. The share of gross exposures of state-guaranteed loans classified as Stage 3 in France and Italy is still very limited at 2.5%. Regarding moratoria, the Group still has 84,000 payment holidays active in France, representing €0.5 billion in deferred maturities. Of these, 88% are at the Regional Banks and 12% at LCL. Remaining capital due under these payment holidays is €8.5 billion. The quality of these payment holidays is confirmed with less than 1.5% of the EBA-compliant moratoria granted by the Regional Banks and LCL classified as Stage 3, while more than 98% of expired moratoria granted by the Regional Banks and LCL have resumed payments[9]. In Italy, 8,000 payment holidays are still active, representing €0.3 billion in deferred

[2] *End 2020, study by Crédit Agricole S.A.– France – household loan market share for LCL and Regional Banks*
[3] *End 2019, scope: annual premiums for Term life + Funeral + Dependency insurance*
[4] *End 2019, annual premiums paid to Crédit Agricole Assurances originated by the Regional Banks and LCL (total Group market share of 25% including 9% insured by CNP)*
[5] *End 2020, scope: Predica, outstandings*
[6] *End 2019, Pacifica & La Médicale de France property and casualty business, annual premiums. Market size: Argus de l'Assurance*
[7] *Car, home, health, legal, all mobile phones or personal accident insurance*
[8] *This amount of gross exposure does not include €0.4 billion in state-guaranteed loans granted by CACIB that benefit from a guarantee from a government other than that of France*
[9] *98% of expired moratorium retail and corporate of CACF*

maturities. CA Italia's unexpired moratoria represent €1.4 billion in remaining capital due, while CA Italia's expired moratoria represent €8.3 billion in remaining capital due, the non-performing portion of which is 1.4%.

Group results

In the second quarter 2021, Crédit Agricole Group's **stated net income Group share** rose sharply by +86.8% to **€2,270 million** from €1,483 million in the second quarter of 2020. The **specific items** recorded this quarter generated a **positive net impact of €403 million on net income Group share**.

The **specific items** recorded this quarter include recurring volatile accounting items in revenues, such as the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread) amounting to -€6 million in net income Group share, hedges on the Large customers loan book for -€6 million in net income Group share and provisions for home purchase savings plans in the amount of +€18 million in net income Group share. The other factors to be added to these recurring items are presented below. Following its acquisition by Crédit Agricole Italia, CreVal is consolidated for the first time since April 30th. Specific items include the recognition of +€925 million in gross badwill, less an initial estimate of provisions, before final purchase price allocation planned before the end of 2021, in the amount of -€547 million. This includes approximately €300 million related to credit portfolio risks revaluations, approximately €70 million related to litigation and disputes, approximately €30 million related to the cost of refinancing, and approximately €100 million related to the revaluation of the real estate and securities portfolios, excluding DTA. This preliminary net badwill of +€378 million, applied in full to Crédit Agricole, translates into an impact on net income Group share of +€321 million. Also booked as specific items are CreVal acquisition costs (-€9 million impact on net income Group share), as well as additional provisioning for CreVal performing loan outstandings (-€21 million impact in net income Group share). Specific items this quarter include "Affrancamento" gains related to exceptional tax provisions in Italy for the non-accounting revaluation of goodwills and their amortisation, amounting to €116 million in net income Group share for the IRB division, the gain of which is recognised in taxes for €38 million with an impact on net income Group share of €32 million, for the AG division, the gain of which is recognised in taxes for €114 million with an impact on net income Group share of €80 million, and for the SFS division, the gain of which is equity-accounted for €5 million with an impact on net income Group share of the same amount. Also included in specific items are transformation costs related to the LCL New Generation Network project, additional branch groupings at LCL for -€13 million in expenses and -€9 million in net income Group share, and to the Turbo project, the CACEIS transformation and development plan, for -€16 million in expenses and -€8 million in net income Group share, as well as income from wealth management activities in Miami and Brazil, currently in the process of being sold, for +€7 million in net income Group share. In second quarter 2020, specific items had a net negative impact of - €302 million on net income Group share, including the impact of DVA amounting to - €5 million, the hedge on the Large Customers loan book amounting to -€51 million, the change in the provision for home purchase savings amounting to - €53 million, the costs of the integration/acquisition of Kas Bank and S3 by CACEIS amounting to - €2 million, the impact of solidarity donations related to COVID-19 amounting to - €163 million in net income Group share of the AG and FRB divisions, and income from the balancing cash adjustment related to the Group's asset and liability management amounting to -€28 million in the CC division's net income Group share.

Excluding these specific items, **Crédit Agricole Group's underlying net income Group share**[10] amounted to **€2,367 million**, a sharp rise of +32.6% compared to second quarter 2020. Underlying gross operating income was also up significantly, increasing by +11.2% compared to second quarter 2020, to stand at €3,779 million in first quarter 2021. This takes into account the contribution to the Single Resolution Fund (SRF), which was -€12 million in second quarter 2021, down -89.0% from second quarter 2020 when the SRF stood at -€107 million. However, on a half-yearly basis, the change in the contribution to the Single Resolution Fund was +18.2%, with -€664 million in first half 2021 versus €562 million in first half 2020.

Crédit Agricole Group Q2-2021 and Q2-2020

€m	Q2-21 stated	Specific items	Q2-21 underlying	Q2-20 stated	Specific items	Q2-20 underlying	∆ Q2/Q2 stated	∆ Q2/Q2 underlying
Revenues	**9,304**	**9**	**9,295**	**8,096**	**(441)**	**8,536**	+14.9%	+8.9%
Operating expenses excl. SRF	(5,536)	(32)	(5,504)	(5,036)	(5)	(5,031)	+9.9%	+9.4%
SRF	(12)	-	(12)	(107)	-	(107)	(89.0%)	(89.0%)
Gross operating income	**3,756**	**(23)**	**3,779**	**2,953**	**(445)**	**3,398**	**+27.2%**	**+11.2%**
Cost of risk	(470)	(25)	(445)	(1,208)	-	(1,208)	(61.1%)	(63.1%)
Equity-accounted entities	98	5	93	78	-	78	+26.7%	+20.2%
Net income on other assets	(35)	(16)	(19)	78	-	78	n.m.	n.m.
Change in value of goodwill	379	378	2	(3)	-	(3)	n.m.	n.m.
Income before tax	**3,728**	**318**	**3,409**	**1,898**	**(445)**	**2,343**	**+96.4%**	**+45.5%**
Tax	(681)	164	(844)	(308)	142	(450)	x 2.2	+87.8%
Net income from discont'd or held-for-sale ope.	11	10	1	(0)	-	(0)	n.m.	n.m.
Net income	**3,058**	**492**	**2,566**	**1,590**	**(303)**	**1,893**	**+92.3%**	**+35.5%**
Non controlling interests	(287)	(89)	(199)	(107)	1	(108)	x 2.7	+83.4%
Net income Group Share	**2,770**	**403**	**2,367**	**1,483**	**(302)**	**1,785**	**+86.8%**	**+32.6%**
Cost/Income ratio excl. SRF (%)	**59.5%**		**59.2%**	**62.2%**		**58.9%**	**-2.7 pp**	**+0.3 pp**

In second quarter 2021, **underlying revenues** were up +8.9% year-on-year, 7.7% excluding scope effect[11], to stand at €9,295 million, thanks to sustained activity across all business lines and a positive market effect. The Asset Gathering division posted revenue growth of +17.5% (+€263 million), a very good increase driven by brisk business and the level of the markets, which continued to perform well in second quarter 2021. Revenues from the Large Customers division were down -11.8% (-€210 million) with revenues in capital markets normalised against a backdrop of low volatility and a recovery in structured finance and the international trade and transaction banking business. In French retail banking, the Regional Banks recorded a rise in revenues of +4.1%, or +€137 million, from second quarter 2020, while LCL recorded an increase in revenues of +8.2% this quarter. Specialised Financial Services reported a strong recovery in loan production, with a +8.4% increase in underlying revenues: CACF recorded an increase in revenues of +5.7% in second quarter 2021, with a sharp rise in loan production that was back to Q2-19[12] levels, driven by all segments; CAL&F recorded strong revenue growth of +19.4%, benefiting from an excellent level of activity that surpassed 2019 levels. CA Italia recorded a sharp rise in revenues this quarter (+35.3% or +12.3% excluding the CreVal scope effect[13]), thanks to a high level of fee and commission income from managed savings and insurance. International retail banking, excluding Italy, posted a more moderate revenue increase of +0.8% (+€2 million), as a result of a volume effect, an increase in

10 Underlying, excluding specific items. See Appendixes for more details on specific items.

11 Scope effect : Q2-21/Q2-20 +€102 million and H1-21/H1-20 +€89 million : Creval, Sabadell AM, Amundi BOC, Fund Channel, CACF NL, CAIWM Brazil and Miami, CAA Via Vita

12 Consumer finance production in Q2-21 was 97% of Q2-19 production

13 Excluding scope effect related to the first-time consolidation of CreVal in Q2-21 the net interest margin and net fee income, and when compared to second quarter 2020, when revenues were impacted by the cut in key interest rates in Egypt, Poland and Ukraine.

Underlying operating expenses excluding the Single Resolution Fund (SRF) stood at €5,504 million in second quarter 2021, a year-on-year rise of +9.4%. All divisions reported an increase in expenses related to the recovery in business, variable compensation and a scope effect.[14] The Retail banking division posted a +9.4% rise in expenses to €3,287 million, largely due to an increase in discretionary and compulsory profit sharing. The increase posted by Specialised financial services was +5.9% (+€18 million) versus second quarter 2020, which was a low point.[15] Expenses in the Large Customers business line showed a moderate increase of +5.7% over the period (+€49 million), in line with increased provisions for variable compensation in CIB and development projects at CACEIS. In Asset gathering, expenses rose by +12.6% (+€84 million),as a result of variable compensation in line with result level and of the scope effect related to the integration of Sabadell AM and the establishment of Amundi BOC and Fund Channel (+€15 million).

Overall, the Group posted a stable **underlying cost/income ratio excluding SRF** of +0.3 percentage points, taking it to 59.2% in second quarter 2021. The contribution to the Single Resolution Fund was €12 million this quarter, down -89.0% compared to second quarter 2020.

Underlying gross operating income was therefore up +11.2% year-on-year to €3,779 million.

The **cost of credit risk** fell sharply to -€445 million (including -€234 million in Stage 1 and 2 cost of risk relative to performing loans and -€172 million in Stage 3 cost of risk) versus -€1,208 million in second quarter 2020, and -€537 million in first quarter 2021, i.e. a decline of -63% from second quarter 2020 and -17% from first quarter 2021. One of the factors contributing to this change was the cost of risk for proven risks (Stage 3), which dropped 78% year-on-year to a historically low level of -€172 million, reflecting the effectiveness of the economic support measures. The decline in the cost of risk was particularly marked this quarter for financing activities, with a net reversal of +€35 million versus an allocation of -€312 million in second quarter 2020. There was also a notable decline in cost of risk for LCL (-62.9% versus second quarter 2020), CACF (-45.6% versus second quarter 2020), CA Italia (-46.1% versus second quarter 2020) and the Regional Banks (-37.5% compared to second quarter 2020). Asset quality was good: the non-performing loan ratio showed little change from end March 2021, standing at 2.3% at end June 2021, while the coverage ratio[16], which was high at 85.5%, gained strength during the quarter (+1.1 percentage point compared to end March 2021), notably following the integration of Creval portfolio well provisioned. The diversified loan book is mainly geared towards home loans (47% of gross outstandings at Group level) and corporates (32% of gross outstandings at Group level). Loan loss reserves amounted to €20.3 billion at end June 2021, of which 35% was for performing loans (Stages 1 and 2). Loan loss reserves increased by +€0.6 billion compared to end March 2021. The context and uncertainties related to the global economic conditions were taken into account and the expected effect of public measures were incorporated to anticipate future risks. Provisioning levels were established taking into account **several weighted economic scenarios** and applying flat-rate adjustments for the retail banking portfolios and specific additions for customers in sensitive sectors. Several weighted economic scenarios were used to define provisioning for performing loans. These have been updated since the issuance of 2020 Universal Registration Document and include a more favourable scenario (French GDP at +5.9% in 2021 and +5.3% in 2022) and a less favourable scenario (French GDP at +2.7% in 2021 and +3.3% in 2022).

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[14] Q2-21/Q2-20 scope effects +€51 million and H1-21/H1-20 +€33 million: CreVal, Sabadell AM, Amundi BOC, Fund Channel, CACF NL, CAIWM Brazil and Miami, CAA Via Vita

[15] Normalisation of expense levels after a Q2-20 adversely affected by the crisis (+2% versus average quarterly expenses in 2019 for CACF excluding CACF NL)

[16] Provisioning rate calculated with outstandings in Stage 3 as denominator, and the sum of the provisions recorded in Stages 1, 2 and 3 as numerator

The cost of credit risk relative to outstandings[17] on a four quarter rolling period stands at 25 basis points. It stands at 18 basis points on a quarterly annualised basis[18]. Stages 1 and 2 cost of risk amounted to -€234 million, versus -€424 million in second quarter 2020 and -€147 million in first quarter 2021. Stage 3 cost of risk accounts for -€172 million (versus -€785 million in second quarter 2020 and -€371 million in first quarter 2021).

Underlying pre-tax income stood at €3,409 million, a year-on-year increase of +45.5%. In addition to the changes explained above, underlying pre-tax income included the contribution from equity-accounted entities in the amount of €93 million (up +20.2%) and net income on other assets, which stood at -€19 million this quarter versus +€78 million in second quarter 2020. The underlying **tax charge was up +87.8%** over the period. The underlying tax rate stood at 25.5%, sharply up from 19.8% in second quarter 2020. In fact, the tax rate is never representative on a quarterly basis. Underlying net income before non-controlling interests was up +35.5% to €2,566 million. Non-controlling interests rose by +83.4%, including an impact due to a change in Insurance in the recognition methods used for subordinated debt (RT1) coupons, with no impact on net earnings per share. Lastly, underlying net income Group share was €2,367 million, significantly higher than in second quarter 2020 (+32.6%).

Crédit Agricole Group H1-2021 and H1-2020

€m	H1-21 stated	Specific items	H1-21 underlying	H1-20 stated	Specific items	H1-20 underlying	∆ H1/H1 stated	∆ H1/H1 underlying
Revenues	**18,353**	**(25)**	**18,378**	**16,462**	**(452)**	**16,914**	+11.5%	+8.7%
Operating expenses excl.SRF	(11,041)	(36)	(11,005)	(10,584)	(75)	(10,509)	+4.3%	+4.7%
SRF	(479)	185	(664)	(562)	-	(562)	(14.7%)	+18.2%
Gross operating income	**6,834**	**125**	**6,709**	**5,316**	**(527)**	**5,843**	**+28.5%**	**+14.8%**
Cost of risk	(1,007)	(25)	(982)	(2,137)	-	(2,137)	(52.9%)	(54.1%)
Equity-accounted entities	192	5	187	168	-	168	+14.3%	+11.3%
Net income on other assets	(23)	(16)	(7)	84	-	84	n.m.	n.m.
Change in value of goodwill	379	378	2	(3)	-	(3)	n.m.	n.m.
Income before tax	**6,376**	**466**	**5,909**	**3,428**	**(527)**	**3,955**	**+86.0%**	**+49.4%**
Tax	(1,401)	174	(1,576)	(789)	148	(937)	+77.7%	+68.1%
Net income from discont'd or held-for-sale ope.	5	5	0	(1)	-	(1)	n.m.	n.m.
Net income	**4,979**	**645**	**4,334**	**2,638**	**(379)**	**3,017**	**+88.7%**	**+43.6%**
Non controlling interests	(455)	(88)	(367)	(248)	3	(251)	+83.8%	+46.5%
Net income Group Share	**4,524**	**557**	**3,967**	**2,391**	**(376)**	**2,767**	**+89.2%**	**+43.4%**
Cost/Income ratio excl.SRF (%)	**60.2%**		**59.9%**	**64.3%**		**62.1%**	**-4.1 pp**	**-2.3 pp**

Stated net income Group share **in first half 2021** amounted to €4,524 million, compared with €2,391 million in first half 2020, an increase of +89.2%.

Specific items in first half 2021 had a positive impact of **+€557 million** on stated net income Group share. In addition to the second quarter items already mentioned above, the first quarter 2021 items had a positive impact of +€154 million and also corresponded to recurring accounting volatility items, such as the DVA for +€6 million, hedges on the Large customers loan book for -€5 million and changes in provisions for home purchase savings plans in the amount of -€25 million, as well as the overpayment of contributions to the SRF for financial years

[17] *The cost of risk relative to outstandings (in basis points) on a four quarter rolling basis is calculated on the cost of risk of the past four quarters divided by the average outstandings at the start of each of the four quarters*

[18] *The cost of risk relative to outstandings (in basis points) on an annualised basis is calculated on the cost of risk of the quarter multiplied by four and divided by the outstandings at the start of the quarter*

2016 to 2020 for +€185 million, the costs of the integration of Kas Bank and S3 by CACEIS for -€2 million and losses on the disposal of the wealth management activities in Miami and Brazil for -€5 million in the Wealth Management business. **Specific items in first half 2020** had a negative impact of -€376 million on **net income Group share**. Compared to specific items in second quarter 2020 already mentioned above, these items had an impact of -€73 million on net income Group share in first quarter 2020 and corresponded to recurring accounting volatility items, i.e. the DVA for -€14 million, hedges of the Large Customers loan book for +€83 million, changes in the provision for home purchase savings plans for -€78 million, the integration/acquisition costs of Kas Bank and S3 by CACEIS for -€2 million , and the impact of COVID-19 solidarity donations for -€62 million.

Excluding these specific items, **underlying net income Group share amounted to €3,967 million**, up **+43.4%** compared to first half 2020.

Underlying revenues rose by **+8.7%** compared to first half 2020 thanks to strong revenue growth in the Asset gathering division (+18.0%), due to highly favourable market conditions which enabled the recognition of exceptional outperformance fees over the half-year (+€266 million) and the change in product mix in insurance, strong growth in retail banking (+7.4% compared to first half 2020) driven by net interest margin and fee and commission income both in France and internationally, the recovery of business in Specialised financial services with revenues up +3.8%, while Large customers revenues were almost stable (-1.0% compared to first half 2020) and the Corporate Centre division increased by +€225 million compared to first half 2020, reflecting market conditions as well as the results of the other businesses, particularly CACIF.

Underlying **operating expenses** excluding SRF increased by +4.7% compared to first half 2020, less than the increase in revenues over the period with a 3.9 point jaws effect. The cost/income ratio excluding SRF for the first half of the year was 59.9%, down -2.3 percentage points compared to first half 2020. SRF for the period totalled €664 million, up +18.2% compared to first half 2020. Note that the refund of an overpayment over financial years 2016-2020 was accounted for under specific items in the first quarter 2020. Underlying **gross operating income** totalled €6,709 million, up +14.8% compared to first half 2020.

Lastly, **cost of risk** was down sharply (-54.1%/-€1,155 million, to -€982 million versus -€2,137 million in first half 2020).

Regional Banks

Business growth for the **Regional Banks** was particularly strong in second quarter 2021. Since the start of the year, the Regional Banks have recorded a gross customer capture of +647,000 new customers. Relationship intensity has continued to increase, with 59.6% of customers equipped by at least four or five banking service universes,[19] up +0.6 percentage points from June 2020. The cards stock rose by +2.6% in one year, while the mobile app[20] use rate reached 68.6%, a rise of +3.2 percentage points compared to end June 2020 and +7.5 percentage points compared to end June 2019.

Loan production, which is a reflection of sustained commercial momentum, down by -11.2% compared to end June 2020, but was higher compared to June 2019 (+17.8%), particularly in housing (+22%), where market shares are increasing, and in consumer credit (+6%). Outstandings reached €579.1 billion at end June 2021, rising over the year (+6.6% overall, +7.4% in housing and +5.5% in specialised markets[21]).

Total customer assets are gradually returning to their pre-crisis level and are more balanced between on- and off-balance sheet. They were up by +7.3% over the year and reached €816 billion at end June 2021. Against this backdrop, on-balance sheet deposits reached €535 billion at end June 2021, up +7.9% compared to end June

[19] 5 banking service universes: deposit accounts, savings, loans, insurance and cards

[20] Number of customers with an active profile on the Ma Banque app or who had visited CAEL (CA online) during the month / number of adult customers having an active demand deposit account

[21] Specialised markets: farmers, SMEs and small businesses, corporates and public authorities

2020 and +1.5% compared to end March 2021. Off-balance sheet deposits reached €281 billion at end June 2021, up +6.1% over the year: they benefited in particular from growth in outstanding securities of +13.9% over the year thanks to the rise in stock markets, and life insurance outstandings grew by +3.5% over the year, particularly in UL contracts, which increased by +20% year-on-year. Finally, gross life insurance production is almost twice as high as in second quarter 2020, which was marked by the crisis.

In second quarter 2021, underlying **revenues** of the Regional Banks amounted to €3,453 million, a year-on-year increase of +4.1%. This is explained by the increase in the net interest margin, which was supported by good refinancing conditions, and by the increase in fee and commission income, driven in particular by insurance commissions and commissions on the management of accounts / payment instruments. **Operating expenses excluding SRF**, which were €2,236 million, increased by +10.5% over the period compared to second quarter 2020, mainly due to the increase in staff costs (notably profit-sharing). The contribution to the SRF reached €1 million this quarter, down -98.2% compared to second quarter 2020. This resulted in a slight year-on-year decrease in **underlying gross operating income** of -3.8%. **Cost of risk** amounted to -€186 million, down sharply (-37.5%) compared to second quarter 2020, which included significant provisions on performing loans (Stages 1 & 2) of €177 million related to the pandemic. In second quarter 2021, the cost of risk on Stages 1 & 2 totalled €214 million. The cost of risk relative to outstandings came in at 14 basis points over a rolling four-quarter period and 13 basis points on an annualised quarter basis for second quarter 2021. The non-performing loan ratio stood at 1.7% (stable vs. end March 2021) and loan loss reserves at €10.0 billion (stable vs. end March 2021). This translated into a high coverage ratio of 102.3% at end June 2021 (+1.1 percentage points compared to end March 2021), slightly up versus end March 2021 (101.2%). The contribution of the Regional Banks to the Group's **underlying net income Group share** came to €741 million, a +11.7% increase from second quarter 2020.

Underlying **revenues** rose by +7.0% in first half 2021 compared to the first half 2020, thanks to a positive market effect, favourable refinancing conditions and a global level of fees and commissions increasing. Operating expenses excluding SRF rose by +5.3% mainly due to the impact of employee profit-sharing and incentive plans and underlying **gross operating income** increased by +9.8% in first half 2021 thanks to the strong growth in the first quarter 2021 by +29.2% which made it possible to absorb the slight decline by -3.8% in the second quarter of 2021. The underlying **cost/income ratio** improved by 1.0 percentage points. Lastly, underlying **cost of risk** decreased by -43.9% this half year, as a result of a strong decrease in the first quarter (-50.1%) as well as in the second quarter (-37.5%), compared to the first half of 2020 which included important provisions (stage 1 & 2) linked to the sanitary crisis. All in all, the Regional Banks' underlying **net income Group share** stood at €1,396 million, up by +41.8% this half year compared to the first half of 2020.

The performance of the other Crédit Agricole Group business lines is described in detail in the section of this press release on Crédit Agricole S.A.

The Group commits to contribute to a low-carbon economy and to include the young

The Group's project is strongly committed to a low-carbon economy. The Group has joined the Net Zero alliances for a zero carbon economy by 2050 (Net Zero Banking Alliance for Crédit Agricole, and Net Zero Asset Managers Initiative for Amundi). The Group is also strongly committed for the inclusion of the young. The Group announced a €25 million plan for youth employment, solidarity and financial support. Non-banking services for young people have also been developed, in particular with the Youzful platform, to assist them in their career choices and job searches.

The Group's strength is its full integration of its ESG strategy within the activity and business models of its entities. Credit Agricole business lines have thus expanded their responsible products' offers for customers: all of Amundi's open-ended funds now have an ESG score higher than their investment universe[22], and €31 billion in assets under management are dedicated to environmental initiatives[23], Crédit Agricole Assurance has ramped-up its real-estate Unit-Linked offer[24], CACF has developed green financing partnerships for electric mobility with Fnac Darty and FCA Bank. Business lines are also working to support their customers as they undertake their energy transition: LCL has developed the Smart Business Entreprise offer, a programme dedicated to help SMEs and small businesses identify their transformation challenges (business, digital and environmental) and design ad hoc solutions; Amundi and CACIB have jointly set up a commercial dialogue tool for their customers, a single transition rating, which already applies to 8,000 corporate customers, Finally, CACIB has developed an advisory service for green bond issuance.

Through its ambitious and integrated project, Crédit Agricole Group presents itself as a leading ESG player. It is Europe's leading responsible investor[25] and France's leading financer of renewable energy. For instance, the Group's liquidity portfolio holds €11 billion in socially responsible securities, exceeding the €6 billion target set by the Medium-Term Plan, and CACIB has arranged $24 billion in green, social and sustainable bonds at end June 2021.

[22] *In line with the Medium-Term Plan target*
[23] *Exceeding the Medium-Term Plan target of €20 billion for 2021*
[24] *SCPI, OPCI and SCI ISR or solidarity-based*
[25] *Extel/Institutional Investors ranking: 1st place in the SRI & Sustainability ranking 2019. Including*

Crédit Agricole S.A.

Dynamic commercial activity, a reflection of economic recovery

- Dynamic MLT net inflows excluding JV of +€21.7 billion, driven by active management (+€18.9 billion), and net insurance inflows (+€1.6 billion, driven by unit-linked products: +1.7 billion), continued business momentum in property and casualty insurance (+10.0% Q2/Q2) and personal protection (+23% Q2/Q2)
- Leading positions maintained in Corporate and Investment banking: syndicated loans (No. 1 France, No. 4 EMEA), project financing (No. 1 EMEA), bonds (No. 1 France corporate bonds); good commercial performance of all financing businesses, slowdown in market activities in an environment of low volatility.
- Excellent recovery in commercial production at CACF (+63% Q2/Q2) and CAL&F
- Recovery in loan production at LCL (+33,4% Q2/Q2), growth in loan outstandings (+4.4% June/June) and inflows (+6.3% June/June)

Underlying net income Group share up sharply by +46.0% from Q2-20 and up +30% from pre-crisis level

- Stated net income x2.1 Q2/Q2 including +€354 million in specific items (of which +€925 million gross CreVal badwill)
- Underlying revenues up (+12.4% Q2/Q2, +10.2% excluding scope effect), thanks to dynamic activity in all businesses and a positive market effect in asset gathering; strong resilience in revenues over the past five years with 74% recurring revenues;

Increase in expenses (+8.3% Q2/Q2, +6.3% excluding scope effect, +3,6% Q2/Q2-19 excluding scope effect) due to the recovery in activity and variable compensation. Continued improvement in operating efficiency: cost/income ratio at 55.3% (-2.1 pp Q2/Q2), positive jaws effect (+4.2 pp Q2/Q2-20, +6.3 pp Q2/Q2-19)

- Strong increase in gross operating income (+21.9% Q2/Q2-20, +21.3% Q2/Q2-19)
- NPL ratio stable Q1/Q2, continued increase in coverage ratio. Cost of risk at 41 bp over four rolling quarters, historically low proven cost of risk.
- Underlying ROTE at 13.6%[26], above the average of the 10 major European banks that publish the figure by more than 2.6 pp for the past 18 quarters

Very robust capital position

- CET1 CASA ratio 12.6%, 4.7 pp above SREP requirements, down -0.1 pp Q2/Q1, of which +44 bp related to stated result (excluding CreVal badwill, impact expected end 2021) and +21 bp to the dividend provision (€0.39 for H1-21) based on a 50% distribution policy.
- Ongoing application to ECB for a second share buyback of up to €500 million in Q4-21, as announced in February 2021. After the two operations[27], earnings per share will have increased by around 1% and tangible net book value per share will have been more that rebuilt.

Continuation of two value-creating operations in Europe:

After Amundi entered into exclusive negotiations with Société Générale to acquire Lyxor for a cash consideration of €825 million (i.e. €755 million excluding excess capital), a framework agreement was signed on 11 June 2021. The transaction is expected to be finalised by February 2022 at the latest, subject to prior approval by the competent regulatory authorities. With this operation, Amundi will have powerful leverage to accelerate its development trajectory in the fast-growing ETF market, while supplementing its active management offering, in particular in liquid alternative assets and advisory solutions.

On 23 November 2020, Crédit Agricole Italia launched a voluntary public tender offer for all ordinary shares of Credito Valtellinese, to strengthen its competitive position in Italy, the Group's second-largest domestic market, confirming a long-standing and ongoing commitment to its customers and territories in Italy. After the public tender offer, payment for which was made on 28 May 2021, a squeeze-out operation was made on 4 June 2021, enabling Crédit Agricole Italia to hold 100% of the shares of Credito Valtellinese as at 30 June 2021, for a total price of €862 million. Two months of net income are thus consolidated in Crédit Agricole Italia's P&L this quarter.

[26] *ROTE calculated on the basis of underlying net income Group share and annualised IFRIC 21 costs*
[27] *And after the entire unwinding of the SWITCH by 2022*

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 6 May 2021 to examine the financial statements for the second quarter 2021.

Results

Credit Agricole S.A. – Q2-21 and Q2-20

€m	Q2-21 stated	Specific items	Q2-21 underlying	Q2-20 stated	Specific items	Q2-20 underlying	∆ Q2/Q2 stated	∆ Q2/Q2 underlying
Revenues	**5,819**	**(10)**	**5,829**	**4,897**	**(288)**	**5,185**	**+18.8%**	**+12.4%**
Operating expenses excl.SRF	(3,253)	(32)	(3,221)	(2,980)	(5)	(2,976)	+9.2%	+8.3%
SRF	(11)	-	(11)	(79)	-	(79)	(85.6%)	(85.6%)
Gross operating income	**2,554**	**(42)**	**2,596**	**1,838**	**(293)**	**2,130**	**+39.0%**	**+21.9%**
Cost of risk	(279)	(25)	(254)	(842)	65	(908)	(66.8%)	(72.0%)
Equity-accounted entities	101	5	96	88	-	88	+14.8%	+9.2%
Net income on other assets	(37)	(16)	(21)	82	-	82	n.m.	n.m.
Change in value of goodwill	378	378	-	-	-	-	n.m.	n.m.
Income before tax	**2,717**	**300**	**2,417**	**1,166**	**(227)**	**1,393**	**x 2.3**	**+73.5%**
Tax	(397)	169	(566)	(86)	72	(158)	x 4.6	x 3.6
Net income from discont'd or held-for-sale ope.	11	10	1	(0)	-	(0)	n.m.	n.m.
Net income	**2,331**	**478**	**1,852**	**1,080**	**(155)**	**1,235**	**x 2.2**	**+50.0%**
Non controlling interests	(363)	(126)	(237)	(126)	2	(129)	x 2.9	+84.4%
Net income Group Share	**1,968**	**353**	**1,615**	**954**	**(153)**	**1,107**	**x 2.1**	**+46.0%**
Earnings per share (€)	0.64	0.12	0.52	0.31	(0.05)	0.36	x 2.1	+45.4%
Cost/Income ratio excl. SRF (%)	**55.9%**		**55.3%**	**60.9%**		**57.4%**	**-5.0 pp**	**-2.1 pp**
Net income Group Share excl. SRF	**1,976**	**223**	**1,753**	**1,020**	**(153)**	**1,173**	**+93.7%**	**+49.5%**

In second quarter 2021, Crédit Agricole S.A.'s **stated net income Group share** amounted to **€1,968 million**, a 2.1-fold increase, versus €954 million in second quarter 2020.

The **specific items** recorded this quarter include recurring volatile accounting items in revenues, such as the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread) amounting to -€5 million in net income Group share, hedges on the Large customers loan book for -€6 million in net income Group share and provisions for home purchase savings plans in the amount of +€5 million in net income Group share. On top of these recurring items are recorded the other following items. Following its acquisition by Crédit Agricole Italia, CreVal is consolidated for the first time since 30th April. Specific items include the recognition of +€925 million in gross badwill, less an initial estimate of provisions, before the final purchase price allocation planned before the end of 2021, in the amount of -€547 million. This included approximately €300 million related to credit portfolio risks revaluations, approximately €70 million related to litigation and disputes, approximately €30 million related to the cost of refinancing, and approximately €100 million related to the revaluation of the real estate and securities portfolios, excluding DTA. This preliminary net badwill of +€378 million, which is applied fully to Crédit Agricole Italia, translates into a net income Group share of +€285 million. In addition to the net badwill, are recorded as specific items the CreVal acquisition costs (-€8 million in net income Group share), as well as additional provisioning for CreVal performing loan outstandings (-€19 million in net income Group share). Specific items this quarter include "Affrancamento" gains related to exceptional tax provisions in Italy for the non-accounting revaluation of goodwill and its amortisation amounting to €111 million in net income Group share for the IRB divisions, the gain of which is recognised in tax for €38 million with an impact on net income Group share of €28 million, for the AG division, the gain of which is recognised in tax for €114 million with an impact on net income Group share of €78 million, and for the SFS division, that gain of which is equity-accounted for €5 million with an impact on net income Group share of the same amount. Also included in specific items are transformation costs related to the LCL New Generation Network project, additional branch groupings at LCL for -€13 million in expenses and -€9 million in net income Group share and to the Turbo project, the CACEIS transformation and development plan, for -€16 million in expenses and -€8 million in net income Group share. As well as income from wealth management activities in Miami and Brazil, currently in the process of being sold, for +€7 million in net income Group share. In second quarter 2020, specific items had a net negative impact of €153 million on net income Group share, including the DVA impact of -€5 million, the hedge on the Large customers loan book for -€50 million, and the change in the provision for home purchase savings of -€14 million, the costs of the integration/acquisition of Kas Bank and S3 by CACEIS for -€2 million, and the income from the balancing cash adjustment related to the Group's asset and liability management amounting to -€28 million in the Corporate Centre division's net income Group share.

Excluding these specific items, the **underlying net income Group share**[28] reached **€1,615 million**, up sharply by +46.0% compared to second quarter 2020, thanks in particular to sustained activity in all businesses, against a backdrop of economic recovery, very positive market effects, an improvement in operating efficiency and a reduction in the cost of risk.

In second quarter 2021, **underlying revenues** reached €5,829 million, up +12.4% compared to second quarter 2020, and up +10.3% excluding scope effect[29], as well as up +12.6% compared to second quarter 2019 (+10.5% excluding scope effect)

The revenues of the Asset gathering division (up +17.6% compared to second quarter 2020)[30] benefited from the record level of performance fee and commission income in asset management, dynamic activity in property and personal insurance and a positive market effect. Revenues in the Large customers' division were down (-11.8% compared to second quarter 2020), against a backdrop of lower market volatility, despite higher revenues from structured finance and the international trade and transaction banking business. In the Specialised financial services division, revenues rose sharply (+8.4% compared to second quarter 2020), reflecting the excellent recovery in consumer finance, leasing and factoring. Revenues from retail banking rose +15.5% compared to second quarter 2020 and +8.9% on a like-for-like basis, excluding the impact of the consolidation of CreVal at Crédit Agricole Italia this quarter, thanks to buoyant housing and SME and small business activity at LCL and dynamic business production at Crédit Agricole Italia, continued favourable refinancing conditions and good fee and commission income. Corporate Centre revenues grew by +€308 million compared to second quarter 2020, benefiting from base effects linked to intra-group eliminations in connection with the tightening of spreads on volatile items (+€180 million) and good activity in the businesses in the division, particularly CACIF and CAPS.

Underlying operating expenses excluding SRF rose (+8.3% compared to second quarter 2020) to €3,221 million in second quarter 2021. On a like-for-like basis[30] this increase is reduced to +6.3% compared to 2020 and to +3.6% on a like-for-like basis[30] compared to pre-crisis second quarter 2019. The SRF this quarter amounted to €11 million, a significant decrease (-85.6%) compared to 2020, which had seen a strong adjustment of this expense in the second quarter. Excluding the difference in the period of recognition, however, there was a +18.9% increase in the SRF expense in the first half of the year compared to first half 2020. The cost/income ratio excluding SRF stood at 55.3%, an improvement of +2.1 percentage points compared to second quarter 2020. The jaws effect was also positive this quarter, at +4.2 percentage points and +6.3 points compared to second quarter 2019. Over five years, the positive jaws effect amounted to +9.9 percentage points. In the Asset gathering division, operating expenses excluding SRF were up +12.6% (+11.7% on a like-for-like basis), due to the increase in asset management expenses (+22.1% compared to second quarter 2020, +17.6% on a like-for-like basis[29])) linked to the increase in variable compensation and in the insurance businesses (+8.0% compared to second quarter 2020) linked to the increase in taxes (up +3.8% excluding taxes compared to second quarter

[28] Underlying, excluding specific items. See Appendixes for more details on specific items.

[29] Scope effects Q2-21/Q2-20 +€113 million and H1-21/H1-20 +€110 million: CreVal, Sabadell AM, Amundi BOC, Fund Channel, CACF NL, CAIWM Brazil and Miami, CAA Via Vita, scope effects Q2-21/Q2-19 +€109 million and H1-21/H1-19 +€141 million: CreVal, Sabadell AM, Amundi BOC, Fund Channel, CACF NL, CAIWM Brazil and Miami, CAA Via Vita, Kas Bank; S3, CA Romania; on a like-for-like basis H1-21/H1-20 +8.8%, Q2-21/Q2-19 +10.5% and H1-21/H1-19 +11.1%

[30] Scope effects Q2-21/Q2-20 +€59 million and H1-21/H1-20 +€47 million: CreVal, Sabadell AM, Amundi BOC, Fund Channel, CACF NL, CAIWM Brazil and Miami, CAA Via Vita, scope effects Q2-21/Q2-19 +€81 million and H1-21/H1-19 +€99 million: CreVal, Sabadell AM, Amundi BOC, Fund Channel, CACF NL, CAIWM Brazil and Miami, CAA Via Vita, Kas Bank; S3, CA Romania; on a like-for-like basis H1-21/H1-20 +3.2.%, Q2-21/Q2-19 +3.6% and H1-21/H1-19 +2.9%

2020). In Large customers, operating expenses excluding SRF were up +5.7% compared to second quarter 2020 due to investments in IT projects and provisions for variable compensation in Corporate and Investment banking. For Asset servicing, the increase in expenses (+5.3% compared to second quarter 2020) is linked to the increase in activity. The Specialised financial services division's expenses increase by +5.9% compared to second quarter 2020, a low point due to the crisis. Retail banking's operating expenses, excluding SRF, rose by +7.8% compared to second quarter 2020, with the consolidation this quarter of two months of CreVal's expenses. Excluding this scope effect, expenses rose by a limited +1.1% in the division, with a contained increase at LCL (+2.2% compared with second quarter 2020) and a decline at Crédit Agricole Italia (-1.2% on a like-for-like basis compared with second quarter 2020). Corporate Centre expenses increased by €20 million compared to a low second quarter 2020.

Underlying **gross operating income** was thus very strong in second quarter 2021. It increased by +21.9% to €2,596 million (+21.3% compared to second quarter 2019). By business, gross operating income increased compared to second quarter 2020 for the Asset gathering division (+21.4%; +29.3% compared to second quarter 2019), Specialised financial services (+11.4%; -7.2% compared to second quarter 2019) and Retail banking in France and internationally (+31.0%; +15.7% compared to second quarter 2019) and in the Corporate Centre (+€292 million; +€174 million compared to second quarter 2019); the Large customers division reported a decline to (-22.7%; -2.1% compared to second quarter 2019).

As at 30 June 2021, risk indicators confirm **the high quality of Crédit Agricole S.A.'s assets and risk coverage level**. The diversified loan book is mainly geared towards home loans (28% of gross outstandings) and corporates (44% of Crédit Agricole S.A. gross outstandings). The non-performing loan ratio is still low at 3.2% (stable compared to end March 2021), while the coverage ratio[31] is high at 73.6%, up +1.1 percentage point in the quarter. **Loan loss reserves** amount to €10.3 billion for Crédit Agricole S.A., a +€0.6 billion increase from end March 2021. Of these loan loss reserves, 26% are for performing loan provisioning. The **performing loan provisioning** levels are determined by taking into account several weighted economic scenarios and by applying flat-rate adjustments for retail banking portfolios and specific additions for customers in sensitive sectors. Several weighted economic scenarios are used to define provisioning for performing loans. These are updated since the issuance of the 2020 Universal Registration Document and include a more favourable scenario (French GDP at +5.9% in 2021 and +5.3% in 2022) and a less favourable scenario (French GDP at +2.7% in 2021 and +3.3% in 2022). The first scenario, called the central scenario, is weighted at 60% for the calculation of Q2 2021 IFRS 9 ECL reserves. For example, reducing the weighting of the first scenario by 10 points in the Q2 2021 calculations in favour of the second more unfavourable scenario would lead to an increase in ECL reserves under the central forward-looking scenario of around 0.5% for Crédit Agricole S.A. However, such a change in the weight would not necessarily have a significant impact due to "forward looking local" adjustments that could mitigate the effect.

[31] *Provisioning rate calculated with outstandings in Stage 3 as denominator, and the sum of the provisions recorded in Stages 1, 2 and 3 as numerator*

Cost **of risk** has dropped significantly (-72%/-€653 million compared to second quarter 2020, to -€254 million versus -€908 million in second quarter 2020 and -€384 million in first quarter 2021). The cost of risk of -€254 million in second quarter 2021 consists of the provisioning for performing loans (Stages 1 and 2) for -€17 million (versus -€236 million in second quarter 2020 and -€90 million in first quarter 2021) and the provisioning for proven risks (Stage 3) for -€199 million (versus -€667 million in second quarter 2020 and €283 million in first quarter 2021). As of the second quarter 2021, the cost of risk relative to outstandings over a four rolling quarter period[32] stands at 41 basis points, and 24 basis points on an annualised quarterly basis[33]. The decline in the cost of risk is particularly noticeable in financing activities, where the cost of risk is recovering, amounting to +€35 million in second quarter 2021, compared to a provision of -€312 million in second quarter 2020, with the cost of risk relative to outstandings over a four rolling quarter period[32] thus amounting to 34 basis points. The decrease in cost of risk has also been manifest in all other business lines. LCL posted a cost of risk of -€43 million (-62.9% compared to second quarter 2020) and a cost of risk relative to outstandings[32] of 21 basis points in second quarter 2021 (12 basis points on an annualised quarterly basis[33]); CA Italia recorded a cost of risk of -€79 million in second quarter 2021 (-46.1% compared to second quarter 2020), with a cost of risk relative to outstandings[32] reaching 74 basis points in second quarter 2021 (65 basis points on an annualised quarterly basis[33]); CACF's cost of risk decreased by -45.5% compared to second quarter 2021 to -€119 million , with a cost of risk relative to outstandings[32] of 141 basis points in second quarter 2021 (and 140 basis points on an annualised quarterly basis[33]). Asset quality remains good with a non-performing loan ratio for Crédit Agricole SA of 3.2%, unchanged from March 2021, and a coverage ratio of 74.1%, up +2.1 percentage points following the integration of the CreVal portfolio. By business, this trend is confirmed: financing activities show a non-performing loan ratio of 3.1% (down -0.6 percentage points compared to March 2021) and a coverage ratio stable at 67.0% (-0.2 percentage points compared to March 2021), CACF shows a non-performing loan ratio of 6.3%, down -0.3 percentage points compared to March 2021 and a coverage ratio of 81.6% up +2.2 percentage points compared to March 2021, CA Italia shows a non-performing loan ratio of 6.2% in June 2021, the same as in March 2021, and a coverage ratio of 70.3%, up +8.2 percentage points compared to March 2021, following the integration of the very well-hedged CreVal portfolio, LCL has a stable and low non-performing loan ratio of 1.6% (+0.1 percentage point compared to March 2021) and a high coverage ratio of 81.7%, which is normalising over this quarter (-4.3 percentage points compared to March 2021).

The underlying contribution of **equity-accounted entities** amounted to €96 million, up **+9.2%** compared to second quarter 2020, reflecting the good activity within entities of consumer finance (€82 million, up +36.1% compared to second quarter 2020) and asset management (€21 million, up +36.1% compared to second quarter 2020).

Net income from other assets amounted to -€21 million in second quarter 2021, compared to €82 million in second quarter 2020, mainly due to the deconsolidation of Crédit Agricole CIB's Algerian subsidiary (-€37 million).

Underlying income[34] **before tax, discontinued operations and non-controlling interests** was therefore up **+73.5%**, at €2,417 million.

The **underlying effective tax rate** stood at **24.4%**, up +12.3 percentage points compared to second quarter 2020, while the underlying tax charge increased 3.6x to -€566 million.

Underlying net income before non-controlling interests was therefore up by +50.0%.

Non-controlling interests stood at -€237 million in second quarter 2021, a +84.4% increase, in line with the results of the businesses and due to a change in third quarter 2020 in Insurance in the recognition methods used for subordinated debt (RT1) coupons, without impact on net earnings per share.

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32 The cost of risk relative to outstandings (in basis points) on a four quarter rolling basis is calculated on the cost of risk of the past four quarters divided by the average outstandings at the start of each of the four quarters

33 The cost of risk relative to outstandings (in basis points) on an annualised basis is calculated on the cost of risk of the quarter multiplied by four and divided by the outstandings at the start of the quarter

34 See Appendixes for more details on specific items.

Underlying net income Group share was up sharply by +46.0% compared to second quarter 2020 at **€1,615 million**.

Underlying earnings per share in second quarter 2021 reached **€0.52**, **increasing by +45.4%** compared to second quarter 2020.

Credit Agricole S.A. – H1-21 and H1-20

€m	H1-21 stated	Specific items	H1-21 underlying	H1-20 stated	Specific items	H1-20 underlying	∆ H1/H1 stated	∆ H1/H1 underlying
Revenues	**11,312**	**(25)**	**11,337**	**10,097**	**(225)**	**10,322**	**+12.0%**	**+9.8%**
Operating expenses excl.SRF	(6,450)	(36)	(6,414)	(6,235)	(65)	(6,170)	+3.4%	+4.0%
SRF	(392)	130	(522)	(439)	-	(439)	(10.7%)	+18.9%
Gross operating income	**4,470**	**69**	**4,401**	**3,423**	**(290)**	**3,713**	**+30.6%**	**+18.5%**
Cost of risk	(663)	(25)	(638)	(1,463)	65	(1,529)	(54.7%)	(58.2%)
Equity-accounted entities	188	5	183	178	-	178	+5.6%	+2.8%
Net income on other assets	(34)	(16)	(18)	87	-	87	n.m.	n.m.
Change in value of goodwill	378	378	-	-	-	-	n.m.	n.m.
Income before tax	**4,339**	**411**	**3,928**	**2,226**	**(224)**	**2,450**	**+94.9%**	**+60.3%**
Tax	(775)	174	(949)	(347)	55	(401)	x 2.2	x 2.4
Net income from discont'd or held-for-sale ope.	5	5	0	(1)	-	(1)	n.m.	n.m.
Net income	**3,569**	**590**	**2,979**	**1,879**	**(170)**	**2,048**	**+90.0%**	**+45.4%**
Non controlling interests	(555)	(124)	(431)	(287)	3	(290)	+93.4%	+48.5%
Net income Group Share	**3,014**	**466**	**2,548**	**1,592**	**(167)**	**1,758**	**+89.3%**	**+44.9%**
Earnings per share (€)	**0.96**	**0.16**	**0.80**	**0.47**	**(0.06)**	**0.53**	**x 2**	**+50.8%**
Cost/Income ratio excl.SRF (%)	**57.0%**		**56.6%**	**61.7%**		**59.8%**	**-4.7 pp**	**-3.2 pp**
Net income Group Share excl. SRF	**3,351**	**466**	**2,885**	**1,984**	**(167)**	**2,151**	**+68.9%**	**+34.1%**

Stated net income Group share **in the first half of 2021** amounted to €3,014 million, compared with €1,592 million in the first half of 2020, an increase of +89.3%.

Specific items in first half 2021 had a positive impact of **+€466 million** on stated net income Group share. In addition to the second quarter items already mentioned above, the first quarter 2021 items which had a positive impact of +€113 million and also corresponded to recurring accounting volatility items, namely DVA for +€6 million, hedges on the Large customers loan book for -€5 million and changes in provisions for home purchase savings plans of -€11 million as well as the overpayment of contributions to the SRF for financial years 2016 to 2020 of +€130 million, the costs of integration of Kas Bank and S3 by CACEIS for -€2 million and the losses on the disposal of the wealth management activities in Miami and Brazil for -€5 million in the Wealth Management business line. **Specific items in the first half of 2020** had a negative impact of -€167 million on **net income Group share**. Compared to specific items in second quarter 2020 already mentioned above, these items had an impact of -€14 million on net income Group share in first quarter 2020 and corresponded to recurring accounting volatility items, i.e. the DVA for -€13 million, hedges of the Large Customers loan book for +€81 million, and changes in the provision for home purchase savings plans for -€27 million, the costs of the integration/acquisition of Kas Bank and S3 by CACEIS for -€2 million, as well as the impact of solidarity donations relating to COVID-19 of -€52 million.

Excluding these specific items, **underlying net income Group share amounted to €2,548 million**, up **+44.9%** compared to first half 2020.

Underlying earnings per share stood at €0.80 per share in first half 2021, up **+50.8%** compared to first half 2020.

Underlying[35] **RoTE,** which is calculated on the basis of an annualised underlying net income Group share[36] and IFRIC charges linearised over the year**,** net of annualised Additional Tier 1 coupons (return on equity Group share excluding intangibles) reached **13.6% for first half 2021**, up from first half 2020 (9.9%). Annualised RoNE (Return on Net Equity) increased this half year compared to 2020, in line with the increasing results.

Underlying revenues increased by **+9.8%** compared to first half 2020, thanks to strong revenue growth in the Asset gathering division (+18.7%), due to very positive market conditions which allowed the recognition of exceptional outperformance fee and commission income over the half-year (+€266 million) and the change in the product mix in insurance and asset management as well as the unwinding of an additional 15% of the Switch Insurance over four months, strong growth in retail banking (+8.9% compared to first half 2020) driven by the net interest margin and fee and commission income both in France and internationally, the recovery in Specialised financial services with revenues up +3.8% while revenues in Large customers were almost stable (-0.9% compared to first half 2020) and the Corporate Centre division was up +€198 million compared to first half 2020, reflecting market conditions as well as the income of the other businesses, notably CACIF.

Underlying **operating expenses** excluding SRF increased by +4.0% compared to first half 2020, less than the increase in revenues over the period with a 5.9 point jaws effect. The cost/income ratio for the first half of the year was 56.6%, down -3.2 percentage points compared to first half 2020. The SRF for the half-year totalled €522 million, up 18.9% compared to first half 2020. Note that the refund of an overpayment over financial years 2016-2020 was accounted for under specific items in the first quarter 2020. Underlying gross operating income totalled €4,401 million, up +18.5% compared to first half 2020.

Lastly, **cost of risk** was down sharply (-58.2%/-€890 million, to -€638 million versus -€1,529 million in first half 2020).

[35] See details on the calculation of the business lines' ROTE (return on tangible equity) and RONE (return on normalised equity) on p. 50

[36] The annualised underlying net income Group share corresponds to the annualisation of the underlying net income Group share (Q1x4; H1x2; 9Mx4/3) by restating each period for IFRIC impacts to linearise them over the year

Analysis of the activity and the results of Crédit Agricole S.A.'s divisions and business lines

Asset gathering

Assets managed stood at €2,300 billion end of June 2021, up 11.1% from June 2020. The €44 billion increase between March 2021 and June can be split In -€3.3 billion in scope effect (exit of the Miami and Brazil activities), +€9.4 billion in inflows and +€37.3 billion in market and forex effect.

In Savings/Retirement, activity remains highly dynamic and Crédit Agricole Assurances continues its commercial expansion and diversification in France and internationally. Revenues were up by +77.5% compared to the second quarter 2020, which was strongly impacted by the lockdown. Compared to first quarter 2021, they fell slightly by -8.5%. The share of unit linked products in total gross inflows was 41.2%. Net inflows in second quarter 2021 were therefore positive (+€1.6 billion), despite a slight outflow in euros (-€0.1 billion). Net UL inflows totalled €1.7 billion, a level above the quarterly averages for 2019 and 2020.

Assets (savings, retirement and death and disability) stood at €316.2 billion, up +4.7% from June 2020. Unit-linked outstandings reached an all-time high of €81.6 billion this quarter, with the share of unit-linked products in outstandings totalling 25.8%, up +3.1 percentage points compared with June 2020.

The solvency of Crédit Agricole Assurances is high at 243%[37]. It includes the Policy Participation Reserve (PPE) which reached €12.2 billion at 30 June 2021, i.e. 5.9% of total outstandings and nearly 4.5 years of policyholders' profit sharing, for an addition of €0.7 billion in first half 2021. This PPE can be used to support the average annualised rate of return on assets for euro-denominated contracts, which reached 2.13%[38] at end-2020, i.e. a level still significantly above the policyholders' profit-sharing rate (at 1.28% end 2020) and the average guaranteed minimum rate (0.20%[39] at end-2020).

In property and casualty insurance, business was strong in second quarter 2021, with growth of 10.0%[39] in premium income compared to second quarter 2020. The number of property and casualty policies in the Crédit Agricole Assurances portfolio rose to close to 15.0 million at end June 2021, up +5.1% year-on-year. Growth was driven by traditional activities (home, legal protection, personal accident insurance, car) and was also boosted by launches of corporate offerings (corporate property and casualty insurance and professional multi-risk). As a result, Pacifica was ranked second in home insurance (up one place) and second in agricultural insurance in France[40]. The combined ratio remained under control at 97.3%, down slightly by -0.4 percentage points year-on-year, and at 96.0%, down -1.7 percentage points, adjusted for the weather events of the second quarter.

In **death & disability/creditor/group insurance**, premium income stood at €1.1 billion, an increase of +23.0%[41] this quarter compared to first quarter 2020, with a positive contribution from the three business lines. Creditor insurance performed well, supported by a favourable property market and a rebound in consumer finance.

Asset Management (Amundi) recorded strong growth in assets under management this quarter, with very positive market effects and high medium- to long-term (MLT) inflows in all customer segments. As a result, Amundi posted net MLT inflows excluding joint ventures of +€21.7 billion, driven by active management

[37] Standard formula without transitional measures, except for grandfathering of subordinated debt
[38] Predica rate
[39] New calculation method with gross fee and commission income guarantee
[40] Source: Argus de l'assurance; based on revenues
[41] Increases adjusted for a change in accounting method; excluding adjustment, growth was 10.7% in property and casualty insurance and 17.8% in death & disability/creditor/group insurance.

(+€18.9 billion). The very good level of activity in the retail business of third-party distributors and international networks (Italy, Spain and China with Amundi-BOC AM) continues to be noteworthy, with net MLT inflows excluding JVs for that customer segment totalling €9.5 billion. The Institutional segment also recorded strong MLT inflows at €12.1 billion. Treasury products recorded strong outflows due to the market environment and the usual seasonal outflows in the second quarter, with a net outflow in both customer segments of €17.0 billion. The net inflows for the joint ventures totalled +€2.6 billion. Restated for the outflows related to low-margin products of the channel business in China (-€3.2 billion), the MLT net inflows for JVs were dynamic despite any going difficulties due to the pandemic.

Assets under management are up +2.2% from 31 March 2021 (+12.7% year-on-year), totalling €1,794 billion at end June 2021. Assets under management include Sabadell AM, which has been integrated into Amundi's consolidation scope since 1 July 2020, with AUM of €20.7 billion. The market/foreign exchange impact on assets under management was +€31.4 billion compared to March 2021.

The quarter was also marked by the ramp-up of Amundi Technology, which continues to roll out its service offerings with seven new on-boarded customers, for a total of 29 customers at end June 2021. Revenues from this activity for the first half of the year thus amounted to €19 million, of which €12 million was earned in the second quarter alone. In addition, Amundi signed the framework agreement for the acquisition of Lyxor on 11 June 2021, ahead of schedule. Preparations for the merger are progressing at the expected pace and the acquisition is expected to be completed by end 2021.

In wealth management, assets under management increased by +1.9% excluding the scope effect related to the exit of the Miami and Brazil activities and amounted to €131 billion at end June 2021.

The **Asset gathering** (AG) business line posted **underlying net income Group share** of €653 million in second quarter 2021, up +18.6% from second quarter 2020, driven by growth in the contribution of all businesses.

The Asset gathering (AG) business line posted underlying net income Group share of €1,165 million in first half 2021, up +28.4% from first half 2020.

The business line contributed by 41% to the underlying net income Group share of the Crédit Agricole S.A. core businesses (excluding the Corporate Centre division) in the first half 2021 and by 30% to underlying Group revenues (excluding Corporate Centre).

As at 30 June 2021, own funds allocated to the business line amounted to €11.2 billion, including €9.6 billion for Insurance, €1.2 billion for Asset management, and €0.5 billion for Wealth management. The business line's risk weighted assets amounted to €47.2 billion, including €30.2 billion for Insurance, €12.3 billion for Asset management and €4.7 billion for Wealth management.

The underlying RoNE (Return on Normalised Equity) stand at 24.4% for first half 2021, versus 22.5% for full year 2020.

Insurance

Underlying revenues reached €729 million in second quarter 2021, up +4.0% year-on-year due to positive market impacts (+€187 million) and due to the growth in outstandings, especially in unit-linked products, and despite a loss experience impacted by weather events (frost and hailstorms) in April and June. Insurance revenues also benefited compared to second quarter 2020 from the unwinding of an additional 15% of the Switch Insurance carried out on 1 March 2020 for €11 million. Underlying expenses were up +8.0% in second quarter 2021 compared to second quarter 2020. Excluding taxes, the increase in expenses was limited to +3.8% due to investments for the development of the activity and the increase in staff. As a result, underlying gross operating income was up +2.8% to €549 million in second quarter 2021. The underlying cost/income ratio stood at 24.7% in second quarter 2021, up slightly by +0.9 percentage points. The tax charge decreased by -18.3% to €124 million in relation to the decrease in the normative rate and the reversals of provisions. The underlying net income Group share showed an increase of +4.7%, taking into account the change in the recognition methods used for RT1 subordinated debt coupons (-€19 million in accrued interest, with no impact on net earnings per share).

Underlying revenues for first half 2021 reached €1,354 million, up +11.7%, marked by market impacts, the increase in unit-linked product outstandings and the additional 15% unwinding of the Switch Insurance over four months. Costs decreased by -0.2%, resulting in an improvement in the cost/income ratio excluding SRF of +3.6 percentage points, to 30.6% in first half 2021. Underlying gross operating income thus increased by +17.9%. Finally, the tax charge for first half 2021 was down -1.1% compared to first half 2020, due to a lower tax rate and reversals of provisions. As a result, net income Group share reached €700 million, a sharp increase of +18.7% compared to first half 2020.

Asset management

Underlying revenues totalled €852 million in second quarter 2021, up +37.2% from second quarter 2020. Net management revenues were up +38.9% compared to second quarter 2020, due to very favourable market conditions (Eurostoxx 600 +36% year-on-year), a record level of outperformance fee and commission income, which amounted to €155 million over the quarter, as well as a positive scope effect (€17 million mainly related to Sabadell AM). The underlying tax charges totalled €396 million, a +22.1% increase. This increase is explained by the rise in variable compensation in line with the increase in gross operating income and by the scope effect of Sabadell, Fund channel and the creation of Amundi Bank of China WM for €15 million. Underlying gross operating income was thus up a strong +54.6% and the underlying cost/income ratio excluding SRF stood at an exceptionally low level of 47.6%, down -5.9 percentage points compared to second quarter 2020. The contribution of equity-accounted entities, comprising in particular income from Amundi's joint ventures in Asia, was up +32.3% from second quarter 2020 and totalled €21 million. The underlying tax charge worked out at €113 million, a +46.2% increase. Lastly, underlying net income Group share was up by +51.2% to €221 million.

In first half 2021, revenues were up +32.0% due to highly favourable market conditions, product mix, and performance fee and commission income which totalled +€266 million over the half year. Revenues also benefited from a scope effect of +€41 million, mainly due to the integration of Sabadell since 1 July 2020. Underlying operating expenses excluding SRF were up +17.6% due to the increase in variable compensation, coupled with a scope effect of -€26 million over the half year. The underlying cost/income ratio excluding SRF was exceptionally low at 48.9%, an improvement of -6.0 percentage points compared to first half 2020. Gross operating income was up +49.7% compared to first half 2020. The net income of equity-accounted entities increased by +32.4%. Lastly, net income Group share for the half year was up +52.7% at €418 million.

Wealth management

Underlying revenues totalled €203 million, representing a +5.0% increase compared to second quarter 2020. Excluding the scope effect of US entities reclassified as held-for-sale since fourth quarter 2020 and booked as specific items (-€1 million), this improvement in underlying revenues reached +8.5%. Underlying costs excluding SRF dropped (-0.9%) to €172 million due to the savings plan and the scope effect. Excluding the scope effect, underlying costs were up +3.6%. Accordingly, underlying gross operating income on a like-for-like basis improved markedly by +49.3% year-on-year and the underlying cost/income ratio excluding the SRF improved significantly and reached 84.8% in second quarter 2021. All in all, underlying net income Group share was up by +51.0% to €28 million in second quarter 2021. Note that the recognition of -€1 million in revenues, -€2 million in costs and

€10 million from discontinued operations, representing a total impact after tax of €7 million in specific items this quarter had an impact on net income Group share. These gains are related to the contribution of the Miami and Brazil entities that are held for sale.

During first half 2021, underlying revenues were stable at +0.3% compared to first half 2020, +4.4% on a like-for-like basis (excluding the impact of US entities reclassified under entities held for sale since fourth quarter 2020). Costs excluding SRF were down -4.5%, and were stable on a like-for-like basis. Gross operating income was therefore up +37.4% at €63 million. After cost of risk (€5 million in the first quarter) tax and non-controlling interests, net income Group share thus improved by +9.4% to reach €48 million over the half year. Note that the recognition of -€1 million in revenues, -€2 million in costs and €5 million from discontinued operations, representing a total net impact after tax of €2 million in specific items this half had an impact on net income Group share. These gains are related to the contribution of the Miami and Brazil entities that are held for sale.

Large customers

The performance of **Corporate and Investment banking** (CIB) as a whole was strong during second quarter 2021, and financing activities sales momentum returned to normal. **Underlying revenues** were down to €1,294 million (-13.7% compared to second quarter 2020), but were greater than pre-crisis levels (+3.8% compared to second quarter 2019 and higher than the quarterly average since 2014). **Capital markets and investment banking** revenues were down to €616 million in second quarter 2021 (-21% compared to second quarter 2020 and -2,6% excluding the foreign exchange impact) in the context of weak volatility. The good performance of the equity activity as well as that of the securitisation business line was hampered by the slowdown in FICC activities (-28.3% compared to second quarter 2020 in the context of lower market volatility and a very high basis of comparison in second quarter 2020). In a normalising market, CACIB confirmed its **leading positions** on bond issuances (No. 1 in All French Corporate bonds[42]). Regulatory **VaR remained at a low level**, in line with CIB **prudent risk management** model (€5.7 million at end June 2021 versus €14.0 million at end-June 2020, average regulatory VaR: €6.4 million in second quarter 2021, versus €10.8 million in second quarter 2020). **Financing activities** reported a decline in underlying revenues to €678 million in second quarter 2021 (-5.8% compared to second quarter 2020 and -2.6% excluding the foreign exchange impact), but stabilised compared to second quarter 2019 (€680 million). Structured financing recorded a robust recovery (revenues at €331 million, +6.4% compared to second quarter 2020), with good performances for most product lines (No. 1 in Project Financing in EMEA[43]). However, commercial banking revenues declined (-15.2% compared to second quarter 2020), with the good performance of *International Trade and Transaction Banking* only partially offsetting the decline in *Debt Optimisation Distribution* revenues due to a return to a more normal level of activity compared with the high level registered in second quarter 2020. Despite the decline in revenues, financing activities maintained its leadership position in syndicated loans (No.1 in France[44] and No.2 in EMEA[45]).

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[42] *Source: Dealogic Q2 2021, in euros*
[43] *Source: Thomson Refinitiv Bookrunners*
[44] *Source: Refinitiv Q2 2021*
[45] *Source: Refinitiv 17*

Lastly, **Asset Servicing** (CACEIS) recorded a good level of activity this quarter. **Assets under custody** recorded strong momentum, +12.1% at end June 2021 compared to end June 2020, totalling €4,342 million at end June 2021. **Assets under administration** also recorded an increase, of +13.7% year-on-year to €2,280 billion at end June 2021. This growth is explained both by a volume effect and a market effect.

In **second quarter 2021**, the **underlying revenues** of the Large customers business line amounted to €1,577 million, down by -11.8% compared to second quarter 2020, mainly due to the normalisation in the level of commercial activity. Operating expenses excluding SRF were up compared to second quarter 2020 (+5.7%), but the cost/income ratio remained low at 57.1%. Gross operating income was therefore down -22.7%, mainly due to a decline in revenues. The business line recorded an overall net reversal in the cost of risk of +€41 million in second quarter 2021, compared to a provision of -€341 million in second quarter 2020. This recovery in the cost of risk was mainly explained by the net reversal in loan loss provisions in financing activities, notably due to an improvement in economic trends and the stabilisation of provisioning for proven risks, related to the government support measures.

In first half of 2021, the underlying **revenues** of the Large customers business line amounted to €3,241 million (-0,9% compared to first half 2020). **Operating expenses excluding SRF** were up +4.5% compared to first quarter 2021 at €1,810 million, mainly related to the organic growth strategy , the IT investments and an increase in variable compensation. **SRF expenses** were up +26.2% compared to first half 2020. Gross operating income for first half 2021 therefore totalled €1,102 million, representing a decrease of -13.8% compared to first half 2020. The **cost/income ratio** was up 2.9 percentage points compared to first half 2020, but remained low at 55.9%. The cost of risk recovered this half: with an allocation of -€27 million compared to an allocation of -€501 million in first half 2020, mainly due to an improvement in economic scenarios and stabilising of provisioning for proven risks. The business line's contribution to underlying **net income Group share** was at €770 million, up +19.5% compared to first half 2020.

The business line contributed 27% to the **underlying net income Group share** of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre division) in first half 2021 and 29% to **underlying revenues** excluding Corporate Centre division.

At 30 June 2021, **own funds allocated** to the business line totalled €12,3 billion and its **risk weighted assets** amounted to €129,9 billion.

The business line's underlying **RoNE** (Return on Normalised Equity) stood at 15.0% in first half 2021 versus 10.7% for 2020.

Corporate and Investment banking

In the **second quarter 2021**, the underlying **revenues** for Corporate and Investment banking were down by -13.7% compared to second quarter 2020, at €1,294 million, mainly due to a normalisation in market conditions and despite CACIB's excellent commercial activity momentum in second quarter 2021. Underlying **operating expenses excluding SRF** were up +5.9% this quarter compared to second quarter 2020, and established at -€683 million, the increase being related to investments in IT projects and provisions for variable compensation. The **cost/income ratio excluding SRF** remained low at 52.8%, below the Medium-Term Plan target of 55%. However, **gross operating income** was down -23.9% compared to second quarter 2020 and reached €610 million. The **cost of risk** was in net reversal of €40 million compared with an allocation of -€339 million in second quarter 2020, essentially explained by the net reversal in loan loss provisions in financing activities, for Stage 1 and 2 performing loans (+€24 million) and for Stage 3 proven risks (+€13 million). Finally, first quarter 2021 **pre-tax income**, at +€613 million, included the negative impact of -€37 million recognised under gains or losses on other assets relating to the deconsolidation of CACIB's Algerian subsidiary. The tax charge was multiplied by x2.6 to -€146 million compared to second quarter 2020, notably due to the increase in the basis of calculation. In all, underlying net income Group share was €457 million in second quarter 2021, up +14.5% compared to first quarter 2020.

Risk weighted assets at end June 2021 were up slightly by +€0.5 billion compared to end March 2021 and stood at €120.8 billion. This virtual stability in risk weighted assets was mainly due to the moderate change in organic business lines' RWA (+€0.5 billion), notably related to the slowing-down this quarter of the downgrading impacts (+€0.6 billion).

Underlying **revenues** were down slightly by -1.5% in first half 2021 compared to first half 2020 to amount at €2,660 million. The positive performance of financing activities (+1.3% compared to first half 2021), notably for structured financing activities, only partly offset the decline in capital markets and investment banking revenues (-4.3% compared to first half 2020) in a context of lower volatility. Underlying expenses **excluding SRF** were slightly up (+4.5%), related to the organic growth strategy and investments in IT projects, whereas SRF expenses were up more significantly by +27.3% and reached €295 million in second half 2021. Therefore, underlying **gross operating income** at €993 million was down (-14.2% compared to the second half 2020), but the level of the underlying **cost/income ratio** remained low (51.6% versus 48.6% in first half 2020). Finally, the cost of risk decreased strongly this half year, at -€32 million compared to -€496 million in first half 2020. The business line's contribution to **net income Group share** was therefore up +21.8% at €712 million.

Asset servicing

In second quarter 2021, underlying **revenues** were down -1.8% compared to second quarter 2020 and stood at €283 million. This decline was mainly due to continued pressure on the interest margin compared with the high level registered in second quarter 2020. Underlying **operating expenses** excluding SRF and excluding costs relating to the Turbo project[46] were up +5.3% compared to second quarter 2020 at €218 million, related to the activity growth and the recognition of KAS Bank's residual integration costs. Underlying **gross operating income** thus decreased by -10.7% and totalled €66 million. The underlying **cost/income ratio** excluding SRF stood at 77.0% in second quarter 2021, an improvement of 5.1 percentage points compared to second quarter 2020. Underlying **net income** totalled €52 million, representing a decrease of -3.4%. After sharing €17 million with non-controlling interests, the business' contribution to underlying **net income Group share** during second quarter 2021 was down -3.8% year-on-year at €35 million.

First half 2021 underlying **revenues** were up +2.0% compared to first half 2020, driven by the good performance of customer activities and despite the pressure on the interest margin in first half 2021. Underlying expenses **excluding SRF** were up +4.6%, driven by the growth in business and related to the recognition of KAS Bank's residual integration costs during second quarter 2021, whereas SRF expenses were up sharply by +16.6%. This resulted in a -10.4% decline in underlying **gross operating income** compared to first half 2020. The underlying **cost/income ratio** was down slightly by 1.9 percentage points, reaching 75.5% during second half 2021. As a result, underlying **net income** was down by -2.5%. The overall contribution of the business line to **net income Group share** in first half 2021 was €58 million, representing a -2.5% decline compared to at 30 June 2020.

[46] *CACEIS transformation and development plan*

Specialised financial services

The Specialised financial services business line enjoyed a strong recovery in activity across all businesses. Crédit Agricole Consumer Finance's (CACF) **loan production** in second quarter 2021 was up markedly compared to second quarter 2020 (+63%[47]), notably due to a historically high month of June. Production almost returned to the level seen during second quarter 2019[48]. This increase compared with second quarter 2020 concerned all activities: +53%[49] in France, +64% for automotive partnerships, +57%[50] for international entities (i.e. production 16% above that of second quarter 2019 for international entities). At end June 2021, CACF's total outstandings therefore stands at €92.1 billion, i.e. +4.2% compared to end June 2020 and +1.8% compared to end June 2019.

At Crédit Agricole Leasing and Factoring (CAL&F), **leasing production** strongly recovered (up +65% compared to second quarter 2020) and represented 125% of second quarter 2019 production. The same is true for the factoring activity, which posted an improvement of +44% compared to second quarter 2020 representing 131% of second quarter 2019 production. Outstanding leasing reached €15.9 billion at end June 2021 (of which €12.8 billion in France and €3.0 billion abroad), i.e. +5.1% compared to end June 2020.

Net income **Group share** in **Specialised financial services** was strongly up in second quarter 2021, driven by a return to strong business momentum. Underlying revenues of Specialised financial services excluding CACF NL were up +8.1% compared to second quarter 2020, driven by strong revenues for CACF (+5.2% excluding CACF NL) and CAL&F (+19.4%). Underlying costs excluding CACF NL were up +11.1%, representing a normalisation following the low second quarter 2020. **Gross operating income** excluding CACF NL is up +5.5% compared to second quarter 2020, and the underlying **cost/income ratio** excluding SRF remains low at 49.7% (i.e. +1.3 percentage point[47] compared to second quarter 2020 which represented a low in terms of costs). C**ost of risk** significantly decreased compared to second quarter 2020 (-46.9%[4747]). As a result, in second quarter 2021, the business line's **underlying net income Group share** reached €206 million, an increase of +27.7%[47] compared to second quarter 2020.

In the **first half 2021,** underlying revenues[47] increased by +5.1%, driven by the excellent performance of CAL&F (+14.6% compared to first half 2020) and the increasing revenues of CACF (+2.6% compared to first half 2020). Underlying costs[47] excluding SRF were up +2.4% compared to first half 2020, representing a normalisation following the low reached during second quarter 2020. The underlying cost/income ratio excluding SRF remained low, at 50.8%, i.e. 1.8 percentage point below first half 2020 cost/income ratio excluding SRF. Cost of risk[47] was down -40.2%, as first half 2020 included major provisions for performing loans due to the spread of the COVID-19 crisis. The underlying contribution of equity-accounted entities was up +18.3%, thanks to the good performance of Wafasalaf and FCA Bank during second quarter 2021. **Net income Group share** was therefore up +33.5%[50] at €365 million.

The business line contributed 13% to the **underlying net income Group share** of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre division) in first half 2021 and 12% to **underlying revenues** excluding Corporate Centre division.

At 30 June 2021, the **capital allocated** to the Specialised financial services business line was €4.9 billion and **risk weighted assets** were €52.0 billion.

The business line's underlying **RoNE** (Return on Normalised Equity) stood at 15.8% in first half 2021 (versus 11.7% for 2020).

[47] *Excl. CACF NL. CACF NL being classified as IFR5 since the third quarter 2020*
[48] *With second quarter 2021 representing 97% of second quarter 2020*
[49] *Scope managed*
[50] *Excl. CACF NL. CACF NL being classified as IFR5 since the third quarter 2020*

Consumer finance

In second quarter 2021, CACF's **underlying revenues** reach €513 million, representing an increase of +5.2%[47] compared to second quarter 2020, thanks to the second quarter 2020 base effect, in particular for insurance revenues. CACF's **underlying costs** were up +11.0%[47]. Costs normalized following the impact of the crisis seen in second quarter 2020. They are up by only +2.0% compared to CACF's average quarterly costs in 2019 (excluding CACF NL). **Underlying gross operating income** is stable compared to second quarter 2020 (-0.1%[47]) and the **underlying cost/income ratio excluding SRF** remains low at 48.9% (an increase of +2.5 percentage points[50] compared with second quarter 2020). The underlying **contribution of equity-accounted entities** was excellent and reached €82 million in second quarter 2021 (+36.1% compared to second quarter 2020). **Cost of risk** is significantly down compared to second quarter 2020 (-46.6%[47]), and includes 22% of Stage 1 & 2 cost of risk. The **cost of risk relative to outstandings**, over a four rolling quarter period[51] stands at 141 basis points, and the annualised quarterly cost of risk on outstandings[52] reaches 141 basis points. The **non-performing loan ratio** is at 6.3%, down -0.3 percentage points compared to end March 2021, and the coverage ratio reached 81.6%, up +2.2 percentage points compared to end March 2021. Underlying **tax** expenses stand at -€44 million for second quarter 2021 compared to +€56 million in second quarter 2020 (as CACF benefited from the favourable Affrancamento tax mechanism in Italy, following a sales agreement signed in 2019 between Agos and Banco BPM). All in all, **underlying net income Group share** totalled €168 million in second quarter 2021, up +16.9%[47] compared to second quarter 2020.

During first half 2021, underlying **revenues** were up +2.6%[47] compared to first half 2020, taking into account a stable first quarter (+0.1% compared to first quarter 2020) thanks to the stability of outstandings and the recovery during the second quarter due to the second quarter 2020 base effect for insurance revenues. Costs excluding SRF increased by +4.3%[47], but the underlying **cost/income ratio excluding SRF** remained low at 50.1% and was stable compared to first half 2020 (50.0%[47]). Underlying gross operating income therefore remained stable at +1.0%[47] compared to first half 2020. Cost of risk was down -38.9%[47] compared to first half 2020, a half year that saw provisions for performing loans due to the spread of the COVID-19 pandemic. The underlying contribution from **equity-accounted entities** performed well, up +18.3%, mainly due to the recovery at FCA Bank and Wafasalaf. Overall, the business line's contribution to underlying **net income Group share** was up +24.3%[47].

The CACF business's contribution to the net income Group share of Crédit Agricole S.A. for the first half was 12%.

Leasing & Factoring

In **second quarter 2021**, CAL&F's underlying **revenues** stand at €146 million, a sharp rise of +19.4% compared to second quarter 2020, thanks to the strong recovery in both leasing and factoring. The **underlying cost/income ratio excluding SRF** stands at 52.5% this quarter, an improvement of +3.8 percentage points compared to second quarter 2020. This resulted in a year-on-year increase in **gross operating income** of +34.7%. The **cost of risk** decreased significantly compared to second quarter 2020 (-48.7%). CAL&F's **underlying net income Group share** was €39 million in second quarter 2021, a twofold increase compared to second quarter 2020.

Underlying **revenues** rose sharply in first half 2021, up +14.6% compared to first half 2020 following the strong recovery in the leasing and factoring activity in second quarter 2021. The underlying cost/income ratio excluding SRF showed a strong improvement, dropping -4.2 percentage points to stand at 53.2%. This has led to an increase in underlying **gross operating income** (+25.7%). The **cost of risk** fell significantly (-48.7%), reflecting

51 Cost of risk for the last four quarters as a proportion of the average outstandings at the beginning of the period for the last four quarters

52 Cost of risk for the quarter multiplied by four as a proportion of the outstanding amount at the beginning of the period for the quarter strong provisioning for performing loans in first half 2020 in the context of the spread of COVID-19. Lastly, underlying **net income Group share** increased by a factor of 2.1 to stand at €63 million.

Retail Banking

Crédit Agricole S.A.'s **Retail banking** business was particularly dynamic. At LCL it was driven mostly by home and small business loans, despite the competitive environment, while at Crédit Agricole Italia commercial activity was strong.

LCL's loan production rose sharply, exceeding the pre-crisis level (+33.4% year-on-year and +5.8% versus second quarter 2019). Outstanding loans were up +4.4% year-on-year to €144.7 billion thanks to strong momentum in home loans (+4.9% June/June) and small business loans (+12.5% June/June). Renegotiations on home loans this quarter were stable compared to first quarter 2021, with outstandings of €0.4 billion, still well below the high point of €5.2 billion in fourth quarter 2016. On-balance sheet deposits were up year-on-year (+6.3% June/June), driven by demand deposits (+13.4% June/June). Off-balance sheet savings were also up (+6.2% June/June). Lastly, customer capture at LCL remained strong, with 87,000 new customers added in the quarter, while its equipment rate in car, multi-risk household, health, legal and accident insurance increased to 26.2% (+1.0 percentage point compared to end June 2020 and +1.2 percentage points compared to end 2019).

Loan production at CA Italia was close to the pre-crisis level. Loan outstandings stood at €61.2 billion (+35.6% year-on-year). Excluding the scope effect of the consolidation of Credito Valtellinese in second quarter 2021, loan outstandings in Italy totalled €46.6 billion, up +5.4% year-on-year. They were driven for the most part by home loans (+6.7%). Resource optimisation initiatives had the effect of continuing the slowdown of on-balance sheet deposits that began in December 2020 (+4.5% June/June excluding the Credito Valtellinese scope effect). CA Italia's AuM recorded very strong year-on-year growth (+62% June/June excluding scope effect), mostly due to a favourable market environment. Its equipment rate in car, multi-risk household, health, legal and accident insurance also increased (+2.5 percentage points from end June 2020, +3.0 percentage points from end 2019 and +4.7 percentage points from 2018).

Finally, for all international retail banks outside Italy, growth in loan outstandings reached +6.2% at end June 2021 compared to end June 2020 and +6.6% excluding exchange rate impact, driven in particular by Ukraine (+17%), Poland (+8%) and Egypt (+5%). On-balance sheet deposits were up +11.6% excluding foreign exchange impact, especially in Ukraine (+23%) and Poland (+18%), while total deposits rose year-on-year by +16.5% or +13.3% excluding foreign exchange impact. The result was a surplus of deposits over loans in International retail banking outside Italy of +€2.6 billion at 30 June 2021.

French retail banking

Underlying revenues at LCL in second quarter 2021 were up +8.2% compared to second quarter 2020, to stand at €927 million. This increase was driven by the net interest margin (+9.9%), supported by good refinancing conditions, as well as by an increase in fee and commission income (+6.3%), particularly on payment instruments.

For LCL, this second quarter was characterised by the launch of the "LCL New Generation Network" project, which aims to group 250 branches to meet customers' new requirements and strengthen LCL's position as an urban bank. This led to the recognition of project transformation costs in the amount of €13 million, restated as specific items. On an underlying basis, expenses excluding SRF were kept under control at €556 million this quarter (+2.2% Q2/Q2), resulting in an improvement in the underlying cost/income ratio excluding SRF which stood at 59.9% for the quarter (down -3.5 percentage points versus second quarter 2020).

Underlying gross operating income rose sharply year-on-year (+21.3%), driven by the increase in revenues. The cost of risk was down -62.9% versus second quarter 2020 to -€43 million, marked in particular by a provision reversal on performing loans of €9 million and a decrease in the cost of proven risk compared to first quarter

2021. The coverage ratio remained high at 81.7% at end June, versus 86.0% at end March 2021. The non-performing loan ratio was 1.6% at end June 2021, up +0.1 percentage point from end March 2021, but still close to the pre-crisis level of 1.7% at end March 2020. Overall, net income Group share rose sharply, not only in comparison to second quarter 2020, at the start of the crisis (+78.6%), but also to second quarter 2019 (+31.9%).

In first half 2021, LCL's revenues rose by +5.0% versus first half 2020 to reach €1,832 million, driven by the net interest margin, which was supported by good refinancing conditions, and by fee and commission income, particularly on non-life insurance and payment instruments. Underlying expenses excluding SRF were relatively unchanged (+0.1%), despite a number of investments related mainly to the digitisation of customer journeys (dematerialisation of offerings, online creditor insurance, and electronic signature, especially during first quarter 2021). This led to an improvement in the underlying cost/income ratio excluding SRF of -.0 percentage points compared to first half 2020, which stood at 61.7%. As a result, gross operating income was up +11.9%. The cost of risk fell by -42.1% following the declines of -17.9% in the first quarter and -62,9% in the second quarter. All in all, the business line's contribution to net income Group share rose sharply by +48.9%.

LCL's underlying RoNE (return on normalized equity) stood at 14.1% for first half 2020, compared to 8.4% in 2020.

International retail banking

International Retail Banking revenues increased by +25.3% to €801 million in second quarter 2021, in line with the ongoing recovery of commercial activity. Underlying expenses excluding SRF increased by +15.1% to €482 million in second quarter 2021. As a result, underlying gross operating income was up significantly from second quarter 2020 to stand at €307 million, a rise of +44.9%. Cost of risk fell -52.0% this quarter to €95 million. All in all, the underlying net income Group share of International retail banking was €109 million, a threefold increase compared to second quarter 2020.

In the first half of the year, underlying revenues for the International retail banking division rose by +14.1% to €1,495 million. Underlying operating expenses excluding SRF increased by +6.8% to €897 million, resulting in a -4.1 percentage point improvement in the underlying cost/income ratio which stood at 60.0%. Cost of risk fell by -37.9% to stand at €195 million for the half year. This translates into a net income Group share of €189 million for first half 2021, multiplied by 2 compared to the net income Group share of the first half 2020.

Italy

This quarter's results were marked by Credito Valtellinese's first-time consolidation, with two months of Credito Valtellinese's income added to the quarterly income of Crédit Agricole Italia, to produce a positive impact of €7 million[53] in net income Group share. The acquisition of Credito Valtellinese also resulted in the recognition of gross badwill of +€925 million, against which was charged an initial estimate, before finalisation of the PPA (Purchase Price Allocation) planned before the end of December 2021, of provisions amounting to -€547 million, including approximately €330 million related to credit portfolio risk evaluations, approximately €60 million related to litigation and disputes, approximately €50 million related to the cost of refinancing, and approximately €100 million related to the revaluation of the property and securities portfolios, excluding DTA. Restated for these provisions, preliminary net badwill[54] amounted to €378 million, applied fully to Crédit Agricole Italia, resulting in a positive impact of €285 million in Crédit Agricole S.A. net income Group share, restated in specific items. This

[53] CreVal's contribution to CAI's underlying income this quarter: €98 million in revenues, €65 million in expenses, € 19 million in cost of risk, €7 million in net income Group share.

[54] The positive prudential impact of this badwill on Crédit Agricole S.A.'s CET1 will be recorded at the time of the PPA in Q4-21. Negative impact related to the consolidation of €8.1 billion in CreVal RWA recorded in Q2-21

did not include €25 million in provisions for performing loans or €16 million in acquisition costs, also included in specific items.

In second quarter 2021, CA Italia's underlying revenues[55] were up +35.3% year-on-year to €582 million, including €98 million from Credito Valtellinese. Excluding the scope effect,[56] CA Italia's revenues still rose by +12.4% compared to second quarter 2020, driven by fee and commission income from managed savings and insurance (+23% compared to second quarter 2020). Underlying expenses excluding SRF were kept under control in comparison to second quarter 2020 (+21.0%) at €349 million, including €65 million related to Credito Valtellinese. Excluding scope effect, the underlying expenses would have reached €284 million, decreasing by -1,5%. Consequently, the underlying cost/income ratio excluding SRF rose sharply versus second quarter 2020 to 59.9%, an improvement of -7.1 percentage points. Excluding the scope effect, the underlying cost/income ratio excluding SRF was 58.7%, an improvement of -8.3 percentage points. Overall, underlying gross operating income recorded a substantial increase versus second quarter 2020 (+66.5% or +31% excluding scope effect). In a reflection of the economic situation, there was a reduction in the cost of risk (-46.1% year-on-year or -59% excluding scope effect). This was due to the decrease in the cost of risk for Stage 3 outstandings commensurate with the extension of moratoria. Cost of risk on outstandings was 74 basis points (annualised quarterly). The non-performing loan ratio was 6.2% at end June 2021, the same level as at end March. The coverage ratio was 68.6% at end June, versus 62.1% at end March 2021.

Crédit Agricole Italia's underlying revenues rose by +22.3% in the first half of the year to €1,070 million (+11.0% excluding scope effect). Operating expenses excluding SRF were kept under control (+10.9% but -0.3% excluding scope effect), reducing the underlying cost/income ratio excluding SRF to 58.7%, an improvement of -6.1 percentage points June/June or -6.8 percentage points excluding scope effect. The cost of risk fell sharply in the first half (-34.4% or -43% excluding scope effect). All in all, the business line's contribution to net income Group share was multiplied by a factor of 2.2 for the first half.

CA Italia's RoNE (return on normalised equity) for first half 2021 was 11.3%.

Crédit Agricole Group in Italy

The Group's income in Italy stood at €385 million for first half 2021, an improvement of +49% compared to first half 2020. This was due to growth in operating income and the -53% decrease in the cost of risk of the Group's subsidiaries in Italy. Amundi achieved an excellent level of inflows in the first half at €5.4 billion, CACIB Italy's activity was very strong in syndicated loans (2nd bookrunner per deal value) and in bond issues across all segments, and the leadership was confirmed in ESG. The Group in Italy has an excellent business mix in life insurance products with a majority of unit-linked products (62% of net inflows in first half of 2021), and consumer credit has picked up after the slowdown due to the pandemic, at over 35%.

[55] *Specific items: CreVal: net badwill of €378 million in goodwill for a net income Group share impact of €285 million, acquisition costs (€16 million in expenses), collective provision allocations (€25 million in cost of risk); Affrancamento (€38 million in taxes)*

[56] *Excluding scope effect related to the first-time consolidation of Credito Valtellinese in Q2-21*

International Retail Banking – excluding Italy

Underlying revenues of International retail banking outside Italy rose by +4.6% in second quarter 2021 (to €219 million) compared to second quarter 2020. Underlying expenses increased (+2.1% compared to second quarter 2020) but the underlying cost/income ratio excluding SRF of IRBs excluding Italy improved by -1.5 percentage points this quarter compared to second quarter 2020 to stand at 60.6%. Gross operating income was up by +8.8% from second quarter 2020, thanks to higher revenues and controlled expenses. The cost of risk fell sharply (-68.7% compared to second quarter 2020) to -€16 million. The non-performing loan ratio was low at 7.0% at end June 2021, while the coverage ratio was 100%. All in all, underlying net income Group share was €37 million, up by a factor of 3.2 compared to second quarter 2020.

By country:

- CA Poland[(57)]: The fall in key rates this quarter was absorbed by a volume effect and an increase in fee and commission income; the ratio stood at 7.2% at end June 2021 while the coverage ratio stood at 113%.
- CA Egypt[(57]: Revenues were up +9% on second quarter 2020, thanks to retail activity. The cost of risk fell sharply and the non-performing loan ratio reached 3.8%. The coverage ratio stood at 137%.
- CA Ukraine[(57)]: revenues increased strongly (+19% versus second quarter 2020) thanks to the improvement in the net interest margin and higher fee and commission income. The cost of risk was reduced by a factor of six compared to second quarter 2020, while the non-performing loan ratio remained low at 1.7%.
- Crédit du Maroc[(57)]: Revenues increased by +5% compared to second quarter 2020, with cost of risk impacted by provision reversals.

Underlying revenues for Retail banking excluding Italy were down by -2.5% in the first half 2021 to €424 million, thanks to the gradual recovery of key rates in Egypt, Poland, Ukraine and Morocco in Q2 2020. Operating expenses excluding SRF were down by -1.7%, as a result of a decrease in the first quarter 2021 (-5.2%) and a slightly increase in the second quarter 2021 (+2.1%). Slightly improving the underlying cost/income ratio excluding SRF to 63.2%, a decrease of 0.5 percentage points compared to the first half of 2020. All in all, the business line's contribution to net income Group share rose sharply by +68.1% at €55 million.

The underlying RoNE (return on normalized equity) of the other IRBs stands at 14.8% for first half 2021, compared to 12.3% for 2020.

International retail banking contributed 7% to the underlying net income Group share of Crédit Agricole S.A.'s core business lines (excluding the Corporate Centre division) in first half 2021 and 13% to underlying revenues excluding the Corporate Centre.

The entire Retail banking business line contributed 19% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding the Corporate Centre division) in first half 2021 and 30% to underlying revenues excluding the Corporate Centre.

As at 30 June 2020, the capital allocated to the division was €9.6 billion, including €4.7 billion for French retail banking and €4.8 billion for International retail banking. Risk weighted assets for the division totalled €100.8 billion including €50.0 billion for French retail banking and €50.8 billion for International retail banking.

[57] *Excluding foreign exchange impact*

Corporate Centre

The underlying net income Group share of the Corporate Centre division was -€75 million in second quarter 2021, a rise of +€119 million since second quarter 2020. An analysis of the negative contribution of the Corporate Centre looks at both the "structural" contribution (-€159 million) and other items (+€84 million).

The contribution of the "structural" component was relatively unchanged from second quarter 2020 (-€4 million) and can be broken down into three types of activity:

- The activities and functions of the corporate centre of the Crédit Agricole S.A. corporate entity. This contribution amounted to -€204 million in second quarter 2021, down from second quarter 2020 (-€65 million) in line with a negative impact from the effective corporate income tax rate, despite ongoing favourable refinancing conditions;
- The sub-divisions that are not part of the core business lines, such as CACIF (Private equity) and CA Immobilier and, since first quarter 2021, BforBank, equity-accounted as it is 50% owned by Crédit Agricole S.A. following its capital increase: their contribution of +€45 million in second quarter 2021 was up compared to second quarter 2020 (+€71 million). This increase mainly concerned CACIF, whose positive contribution was due to strong business momentum and the revaluation of certain funds.
- Group support functions: their contribution was neutral this quarter and down by -€10 million since second quarter 2020 due to a change introduced in 2021 in the way CAGIP income and expenses are recognised.

The contribution of "other items" was up compared to second quarter 2020 (+€123 million) due to a base effect on eliminations on intra-group securities underwritten by Predica and Amundi (tightening of spreads in second quarter 2020).

The underlying net income Group share of the Corporate Centre division in first half 2021 was -€285 million, an improvement of +€89 million compared to first half 2020. The structural component contributed -€406 million, while the division's other items contributed +€121 million over the half-year.

The contribution of the "structural" component increased compared to first half 2020 (+€41 million) and can be broken down into three types of activity:

- The activities and functions of the corporate centre of the Crédit Agricole S.A. corporate entity. This contribution totalled -€464 million in first half 2021, down compared to first half 2020 (-€31 million);
- The sub-divisions that are not part of the core business lines, such as CACIF (Private equity) and CA Immobilier and, since first quarter 2021, BforBank, equity-accounted as it is 50% owned by Crédit Agricole S.A. following its capital increase: their contribution of +€58 million in first half 2021 was up compared to first half 2020 (+€87 million).
- Group support functions: their contribution was neutral this half and down by -€14 million from first half 2020 due to a change introduced in 2021 in the way CAGIP income and expenses are recognised.

The contribution of "other items" was up compared to first half 2020 (+€48 million).

As at 30 June 2020, risk weighted assets was €26.9 billion.

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Financial strength

Crédit Agricole Group

As at 30 June 2021, the **phased-in Common Equity Tier 1 (CET1) ratio** is stable compared to end March 2021, reaching 17.3%. Therefore, Crédit Agricole Group posted a substantial buffer of 8.4 percentage points between the level of its CET1 ratio and the 8.9% SREP requirement, stable compared to 31 March 2021. The fully loaded ratio reaches 17.0%.

- The CET1 ratio benefited this quarter from the effect of the stated result (+41 basis points notably excluding CreVal badwill). The provision for dividend distribution, based on a 50% pay-out policy, and the AT1 coupons contributed to a decrease of -8 basis points in Crédit Agricole Group's CET1 ratio.
- The "Methodology & regulatory effects" item contribution was neutral this quarter: -10 basis points related to the entry into force of CRR2[58] (offset by positive impact on TRIM (+5 basis points), IFRS9 phasing (+4 basis points) and *Affrancamento* (+1 basis point).
- Lastly, the "M&A, OCI and other" item impacted the ratio by -19 basis points with a negative impact related to the integration of CreVal's risk weighted assets this quarter (-26 basis points - prudential integration of CreVal badwill planned in the fourth quarter 2021) which was slightly offset by the issue of mutual shares (+5 basis points). The impact from OCI reserves on CET1 ratio was -2 basis points. The stock of OCI reserves reached 16 basis points at 30 June 2021 (versus 18 basis points at 31 March 2021).
- The impact on solvency from business growth was neutral this quarter (see below).

The **phased-in leverage ratio** came to 5.9%, stable compared to end March 2021 (5.3% before the exclusion of ECB exposures versus 5.4% at end March 2021) and well above the regulatory requirement of 3.11%[59]. The daily phased-in leverage ratio was 5.3% at 30 June 2021[60] before the exclusion of ECB exposures.

The **phased-in Tier 1 ratio** stood at 18.2%, the phased-in total capital ratio was 21.1%.

Crédit Agricole Group's **risk weighted assets** were up +€11.6 billion compared to 31 March 2021. The contribution of the businesses to the change was positive at +€2.5 billion (including a foreign exchange impact of -€0.2 billion). The risk weighted assets of the Retail banking business increased compared to end March 2021: +€2.5 billion excluding foreign exchange impact of which +€0.2 billion for LCL and +€1.5 billion for Regional Banks. The contribution of Large Customers was down by -€0.5 billion. The equity-accounted value of insurance had a downward impact of -€1.0 billion on the risk weighted assets in connection with the dividend distributed during second quarter 2021. The "Methodology & regulatory effects & M&A" item had an upward impact on risk weighted assets of +€1.6 billion due mainly to the regulatory impact of CRR2 (+€3.2 billion) and the TRIM impact (-€1.7 billion). Finally, the consolidation of CreVal had an impact of +€8.5 billion.

TLAC

The Financial Stability Board (FSB) has defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalisation capacity of Global Systemically Important Banks (G-SIBs). This Total Loss Absorbing Capacity (TLAC) ratio provides resolution authorities with the means to assess whether G-SIBs have sufficient bail-in and recapitalisation capacity before and during resolution. It applies to Global Systemically Important Banks, and therefore to Crédit Agricole Group.

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[58] CCR 2/CDR V regulations came into force on 28 June 2021, leading to amendments to the current capital management mechanism in various areas (leverage ratio, liquidity, counterparty risk, market, etc.). The solvency impact is mainly related to the impact on risk weighted assets of changes to counterparty risk calculation methods.

[59] Under CRR2, banks may exclude certain Central Bank exposures from the total exposure of the leverage ratio when justified by exceptional macroeconomic circumstances. If this exemption is applied, institutions must meet an adjusted leverage ratio requirement of more than 3%. On 18 June 2021, the European Central Bank announced that credit institutions under its supervision could apply this exclusion due to the existence of exceptional circumstances since 31 December 2019; this measure is applicable until 31 March 2022. The Crédit Agricole Group applies this provision and must, therefore, comply with a leverage ratio requirement of 3.11% during this period.

[60] The daily leverage ratio is calculated by taking into account the daily average of the quarter's securities financing transactions (SFTs) exposures

The elements that could absorb losses consist of equity, subordinated notes and debts to which the Resolution Authority can apply the bail-in.

The TLAC ratio requirement was transposed into European Union law *via* CRR2 and has been applicable since 27 June 2019. As from that date, Crédit Agricole Group must comply with the following requirements at all times:

- a TLAC ratio above 16% of risk weighted assets (RWA), plus – in accordance with EU directive CRD 5 – a combined capital buffer requirement (including, for the Crédit Agricole Group, a 2.5% capital conservation buffer, a 1% G-SIB buffer and the counter-cyclical buffer). Considering the combined capital buffer requirement, Crédit Agricole Group must adhere to a TLAC ratio of above 19.5% (plus the counter-cyclical buffer)
- a TLAC ratio of above 6% of the Leverage Ratio Exposure (LRE).

As from 1 January 2022, the minimum TLAC requirements will increase to 18% of risk weighted assets – plus the combined buffer requirement at that date – and 6.75% of the leverage ratio exposure.

At 30 June 2021, **Crédit Agricole Group's TLAC ratio** stood at **25.6% of RWA and 8.4% of leverage ratio exposure, excluding eligible senior preferred debt** [61]. The TLAC ratio, expressed as a percentage of risk weighted assets, slightly decreased by 10bp over the quarter: the increase in equity and eligible debt only partially offsets the increase in RWA. Expressed as a percentage of leverage exposure (LRE), the TLAC ratio climbed +5 basis points compared to March 2021. Without taking into account the neutralisation of Central Bank exposures, the TLAC ratio expressed in LRE would have reached 7.5% (compared to 7.6% at end March 2021). It exceeds the respective requirements of 19.5% of RWA (according to CRR 2/CRD 5, to which the countercyclical buffer of 0.03% as of 30 June 2021 must be added) and 6% of the leverage exposure.

Achievement of the TLAC ratio is supported by a **TLAC debt issuance programme of around €7 billion in the wholesale market in 2021.** At 30 June 2021, €5.1 billion equivalent had been issued in the market; the amount of the Crédit Agricole Group senior non-preferred debt taken into account in the calculation of the TLAC ratio was €24.5 billion.

MREL

The MREL (Minimum Requirement for Own Funds and Eligible Liabilities) ratio is defined in the European "Bank Recovery and Resolution Directive" (BRRD). This Directive establishes a framework for the resolution of banks throughout the European Union, with the aim to provide resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayers' exposure to losses. Directive (EU) 2019/879 of 20 May 2019 known as "BRRD2" amended the BRRD and was transposed into French law by Order 2020-1636 of 21 December 2020.

The MREL ratio corresponds to an own funds and eligible liabilities buffer required to absorb losses in the event of resolution. The required minimum levels are set by decisions of resolution authorities and then communicated to each institution, then revised periodically.

In 2020, Crédit Agricole Group was notified of the revision of its consolidated MREL requirement and of a new subordinated MREL requirement (from which senior debt instruments are excluded). These two requirements were already met by the Group at the time of their notification. The two requirements were calibrated under BRRD and are applicable until the next notification, which will include the changes to the European regulatory framework (i.e. BRRD2) [62].

[61] *As part of its annual resolvability assessment, Crédit Agricole Group has chosen to waive the possibility offered by Article 72ter(3) of the Capital Requirements Regulation to use senior preferred debt for compliance with its TLAC requirements in 2021.*

[62] *The Group is waiting for notifications under BRRD2, due to delays in the transposition of BRRD2 in the European countries in which it operates*

Under BRRD, the MREL ratio is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the institution's total liabilities and own funds, after certain prudential adjustments (TLOF[63]), or expressed as risk weighted assets (RWA). Regulatory capital, as well as subordinated notes, senior non-preferred debt instruments and certain senior preferred debt instruments with residual maturities of more than one year are eligible for the numerator of the MREL ratio.

Crédit Agricole Group's target is to reach a subordinated MREL ratio (excluding eligible senior preferred debt) of 24-25% of the RWAs by the end of 2022 and to maintain the subordinated MREL ratio above 8% of TLOF. This level would enable recourse to the Single Resolution Fund (subject to the decision of the resolution authority) before applying the bail-in to senior preferred debt, creating an additional layer of protection for investors in senior preferred debt.

At 30 June 2021, **Crédit Agricole Group posted an estimated MREL ratio[64] of approximately 10% of the TLOF and 8.3% excluding eligible senior preferred debt.** Expressed as a percentage of risk weighted assets, Crédit Agricole Group's estimated MREL ratio was approximately **31.5%** at end June 2021. **It was 25.6% excluding eligible senior preferred debt.** The MTP target regarding subordinated MREL has been met since September 2020.

Under BRRD 2, given the possibility of downward adjustment, at the discretion of the resolution authority, to calibrate the MREL requirement at the subordinated level for the Crédit Agricole Group, the highest expected subordination requirement is the TLAC. The current TLAC ratio is 6.1 percentage points above the requirement at 30/06/2021 and 4.1 percentage points[65] above the expected requirement of 21.5% (+ counter-cyclical buffer) as of 1 January 2022.

Maximum Distributable Amount (MDA) trigger

The transposition of Basel regulations into European law (CRD) introduced a restriction mechanism for distribution that applies to dividends, AT1 instruments and variable compensation. The Maximum Distributable Amount (MDA, the maximum sum a bank is allowed to allocate to distributions) principle aims to place limitations on distributions in the event the latter were to result in non-compliance with combined buffer requirements.

The distance to the MDA trigger is the lowest of the respective distances to the SREP requirements in CET1 capital, Tier 1 capital and total capital.

At 30 June 2021, **Crédit Agricole Group** posted a buffer of **752 basis points above the MDA trigger, i.e. €44 billion in CET1 capital**.

At 30 June 2021, **Crédit Agricole S.A.** posted a buffer of **440 basis points above the MDA trigger, i.e. €16 billion in CET1 capital**.

Crédit Agricole S.A.

At end June 2021, Crédit Agricole S.A.'s solvency remained at a high level, with a phased-in **Common Equity Tier 1 (CET1) ratio of 12.6%** (i.e. including the impact of the IFRS 9 phasing-in incorporated in second quarter 2020 as part of the "quick fix"), down -0.1 percentage points compared to end March 2021. Crédit Agricole S.A. therefore had a substantial buffer of 4.7 percentage points between the level of its CET1 ratio and the 8.9% SREP requirement, compared with 4.8 percentage points at 31 March 2021. The fully loaded ratio is 12.4%.

- The CET1 ratio benefited this quarter from a positive +44 basis point impact due to the retention of stated results (notably excluding CreVal badwill). The provision for the distribution of dividends, based on a 50%

63 TLOF – Total Liabilities and Own Funds, equivalent to the prudential balance sheet after netting of derivatives

64 Computation made in accordance with the BRRD applicable to the requirements in force. MREL eligible liabilities issued externally by all Group entities are included.

65 On the basis of the countercyclical buffer applicable on 30 June 2021 pay-out policy, i.e. €0.39 per share for the first half-year, coupled with the impact of AT1 coupons, contributed to the decrease in CET1 by -23 basis points (of which -21 basis points for the dividend provision).

- The "Methodology & regulatory effects" item contributed +1 basis point to the increase of CET1, of which +6 basis points were related to the positive impact of the review of TRIM models, -7 basis points related to the entry into force of CRR2[66] and +2 basis points related to *Affrancamento*. The impact from OCI reserves was -4 basis points during the period. The stock of OCI reserves reached 34 basis points at 30 June 2021 (versus 38 basis points at 31 March 2021).
- Finally, the ratio includes a negative impact of -29 basis points on the "M&A, OCI and other" item related to the consolidation of CreVal (prudential integration of CreVal badwill planned in the fourth quarter 2021).
- The contribution of the businesses to the CET1 ratio was neutral over the quarter (see below)

The phased-in **leverage ratio** was stable compared to end March 2021 and reach 4.6% at end June 2021 (3.9% before the exclusion of ECB exposures versus 4.0% at end March 2021) compared to a requirement of 3.18%[67]. The phased-in **daily leverage ratio[68]** was 3.8% before the exclusion of ECB exposures.

The phased-in **Tier 1 ratio** stood at 14.0% and the phased-in total ratio was 18.6% this quarter.

Risk weighted assets amounted to €357 billion at end June 2021, up compared to end March 2021 (+2.4%). The contribution of the businesses was slightly positive at +€0.5 billion (including a -€0.2 billion foreign exchange impact). The risk weighted assets of the Large customers were slightly down compared to end March 2021 (-€0.6 billion excluding foreign exchange impact) whereas the contribution of the Retail banking business line up by +€1.2 billion. The equity-accounted value of insurance had a downward impact of -€1.0 billion on the risk weighted assets in connection with the dividend distributed during second quarter 2021. The "Methodology & regulatory effects & M&A" item had an upward impact on risk weighted assets of +€0.3 billion due mainly to the positive impact of the review of TRIM models (-€1.7 billion) and the regulatory impact of CRR2 (+€2.0 billion). Finally, the consolidation of CreVal contributed to the increase in RWA this quarter for +€8.5 billion.

Liquidity and Funding

Liquidity is measured at Crédit Agricole Group level.

In order to provide simple, relevant and auditable information on the Group's liquidity position, the banking cash balance sheet's stable resources surplus is calculated quarterly.

The banking cash balance sheet is derived from Crédit Agricole Group's IFRS financial statements. It is based on the definition of a mapping table between the Group's IFRS financial statements and the sections of the cash balance sheet as they appear in the next table and whose definition is commonly accepted in the marketplace. It relates to the banking scope, with insurance activities being managed in accordance with their own specific prudential constraints.

Further to the breakdown of the IFRS financial statements in the sections of the cash balance sheet, netting calculations are carried out. They relate to certain assets and liabilities that have a symmetrical impact in terms of liquidity risk. Deferred taxes, fair value impacts, collective impairments, short-selling transactions and other assets and liabilities were netted for a total of €69 billion at end June 2021. Similarly, €113 billion in repos/reverse repos were eliminated insofar as these outstandings reflect the activity of the securities desk carrying out

[66] *CCR 2/CDR V regulations came into force on 28 June 2021, leading to amendments to the current capital management mechanism in various areas (leverage ratio, liquidity, counterparty risk, market, etc.). The solvency impact is mainly related to the impact on risk weighted assets of changes to counterparty risk calculation methods.*

[67] *Under CRR2, banks may exclude certain Central Bank exposures from the total exposure of the leverage ratio when justified by exceptional macroeconomic circumstances. If this exemption is applied, institutions must meet an adjusted leverage ratio requirement of more than 3%. On 18 June 2021, the European Central Bank announced that credit institutions under its supervision could apply this exclusion due to the existence of exceptional circumstances since 31 December 2019; this measure is applicable until 31 March 2022. Crédit Agricole S.A. applies this provision and must, therefore, comply with a leverage ratio requirement of 3.18% during this period*

[68] *Crédit Agricole S.A.'s daily leverage ratio is calculated by taking into account the daily average of the quarter's securities financing transactions (SFTs) exposures*

securities borrowing and lending operations that offset each other. Other nettings calculated in order to build the cash balance sheet – for an amount totalling €148 billion at end June 2021 – relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by Corporate and Investment banking (CIB) and are included in the "Customer-related trading assets" section.

Note that deposits centralised with Caisse des Dépôts et Consignations are not netted in order to build the cash balance sheet; the amount of centralised deposits (€70 billion at end June 2021) is booked to assets under "Customer-related trading assets" and to liabilities under "Customer-related funds".

In a final stage, other restatements reassign outstandings that accounting standards allocate to one section, when they are economically related to another. As such, senior issues placed through the banking networks as well as financing by the European Investment Bank, the Caisse des Dépôts et Consignations and other refinancing transactions of the same type backed by customer loans, which accounting standards would classify as "Medium long-term market funds", are reclassified as "Customer-related funds".

Note that for Central Bank refinancing transactions, outstandings related to the T-LTRO (Targeted Longer-Term Refinancing Operations) are included in "Long-term market funds". Indeed, the T-LTRO 3 operations do not allow for early redemption at the ECB's discretion; given their contractual maturity, they are deemed equivalent to long term secured refinancing, identical in liquidity risk terms to a secured issue.

Medium/long-term repos are also included in "Long term market funds".

Finally, the CIB's counterparties that are banks with which we have a commercial relationship are considered as customers in the construction of the cash balance sheet.

Standing at €1,587 billion at 30 June 2021, the Group's banking cash balance sheet shows a **surplus of stable funding resources over stable application of funds of €292 billion**, up €13 billion compared to end March 2021 and up €100 billion compared to end June 2020. The aggregates of Credito Valtellinese, which is consolidated since 30 June 2021, are included in the cash balance sheet.

Total T-LTRO 3 outstandings for the Crédit Agricole Group amounted to €162.2[69] billion at 30 June 2021, representing an increase of €10.2 billion during second quarter 2021 (including Credito Valtellinese). *Note that the subsidy applicable to the refinancing rate for these operations is accrued over the drawdown period and that the additional subsidy for the 24 June 2021 to 30 June 2021 period was not taken into account due to uncertainty at end June 2021 regarding the achievement of variation criteria for eligible loans during the reference period (which have not expired yet).*

The Group also recorded a significant recovery in commercial activity during the quarter, posting a balanced increase in deposits and loans. Excluding Credito Valtellinese, deposits increased by €13 billion, while loans and trading assets to customers were up by €14 billion. In addition, the integration of Credito Valtellinese led to an increase in the level of deposits and loans, of €17 billion and €14 billion respectively.

The surplus of 292 billion euros, known as "stable resources position", allows the Group to cover the LCR deficit generated by long term assets and stable liabilities (customer, tangible and intangible assets, long-term funds, own funds). Internal management excludes the temporary surplus of stable resources provided by the increase in T-LTRO 3 oustandings in order to secure the Medium-Term Plan target of more than €100 billion, irrespective of the future repayment strategy.

The ratio of stable resources over long term applications of funds was 124.8%, up +0.5 percentage point compared to the previous quarter.

The NSFR of Crédit Agricole Group and Crédit Agricole S.A. exceeded 100%, in accordance with the regulatory requirement applicable since 28 June 2021.

[69] *Excluding FCA Bank*

Furthermore, given the excess liquidity, the Group remained in a short-term lending position at 30 June 2021 (central bank deposits exceeding the amount of short-term net debt).

Medium-to-long-term market resources were €348 billion at 30 June 2021, up +€10 billion compared to end March 2021, and up €37 billion compared to end June 2020.

They included senior secured debt of €222 billion, senior preferred debt of €78 billion, senior non-preferred debt of €27 billion and Tier 2 securities amounting to €21 billion.

The increase in senior secured debt is explained, in particular, by the Group taking part in the T-LTRO 3 transactions of the European Central Bank and the consolidation of Credito Valtellinese.

At 30 June 2021, the Group's liquidity reserves, at market value and after haircuts, amounted to €463 billion, up +€2 billion from end March 2021 and up +€58 billion from end June 2020. They covered short-term net debt more than four times over (excluding the replacements with Central Banks).

The high level of central bank deposits was the result of the replacement of significant excess liquidity: they amounted to €226 billion at 30 June 2021 (excluding cash and mandatory reserves), up +€8 billion compared to end March 2021 and up +€46 billion compared to end June 2020.

Crédit Agricole Group also continued its efforts to maintain immediately available reserves (after recourse to ECB financing). Eligible central bank assets after haircut amounted to €101 billion, stable compared to end March 2021 and up +€14 billion compared to end June 2020.

Credit Institutions are subject to a threshold for the LCR ratio, set at 100% on 1 January 2018.

At the end of June 2021, the numerator of the LCR ratio (including the portfolio of HQLA securities, cash and central bank deposits, excluding mandatory reserves), calculated as an average over 12 months, stood respectively at €362.5 billion for the Crédit Agricole Group and €330.8 billion for Crédit Agricole S.A.

The denominator of the ratio (representing stressed net cash outflows), calculated as an average over 12 months, stood respectively at €218.8 billion for Crédit Agricole Group and at €211.5 billion for Crédit Agricole S.A.

The average LCR ratios over 12 months for Crédit Agricole Group and Crédit Agricole S.A. were 165.6% and 156.4%, respectively, at end June 2021. They exceeded the Medium-Term Plan target of around 110%.

The end of period LCR ratios at 30 June 2021 were respectively 182.8% for Crédit Agricole Group and 157.4% for Crédit Agricole S.A.

In the context of the COVID-19 health crisis, the increase in the level of LCR ratios of Crédit Agricole Group and Crédit Agricole S.A. was in line with the recourse of the Group to T-LTRO 3 drawings from the central bank.

The Group continues to follow a prudent policy as regards medium-to-long-term refinancing, with a very diversified access to markets in terms of investor base and products**.**

At end June 2021, the Group's main issuers raised the equivalent of €17.9 billion[70] in medium-to-long-term debt on the markets, 31% of which was issued by Crédit Agricole S.A.

In addition, €1.9 billion was also borrowed from national and supranational organisations or placed in the Group's retail banking networks (Regional Banks, LCL, CA Italia) and other external retail networks in 2021.

At end July, Crédit Agricole S.A. completed 72% of its medium-long term financing programme of €9 billion on the markets for 2021 (including €7 billion in non-preferred senior debt or Tier 2 debt)**.**

The bank raised the equivalent of €6.5 billion,[70] of which €3.0 billion in senior non-preferred debt and €2.1 billion in Tier 2 debt, as well as €0.4 billion in senior preferred debt and €1.0 billion in senior secured debt. The funding is diversified with various formats and currencies (EUR, USD, AUD, GBP, JPY, CNY, CHF).

[70] *Gross amount before buy-back and amortisation*

Moreover, Crédit Agricole S.A. announced the success of its AT1 exchange offer with 79% of existing GBP AT1 non-eligible securities indexed to GBP Libor exchanged for new GBP AT1 eligible securities (CRR) and indexed to SONIA (£397 million exchanged on a nominal amount of £500 million).

Finally, Crédit Agricole Home Loan SFH completed the initial issue of its Social Covered Bond on 1 July 2021 for €1 billion with a maturity of 6.75 years and spread over MS of +2 basis points.

ECONOMIC AND FINANCIAL ENVIRONMENT

First half

As in 2020, the economic performances of the main economic regions in the first half of 2021 continued to be contingent on the structure of their economies (relative weight of industry and services such as tourism), their health response (spread of the pandemic, ability to contain it, vaccine drive) and the fiscal and monetary counter-offensive (extent of the economic support). The divergences in recovery trajectories have proven to be as pronounced as the recessions of 2020 were, with the US in the lead and a resilient Eurozone, marking a contrast with the majority of the fragmented emerging countries. As of April, the IMF therefore revised its growth forecast upwards for 2021 (to +6% vs. +5.5% in its January forecasts), with half of this upgrade due to the better growth anticipated for the United States (+6.4% vs. +5.1%), the only major developed country for which it was forecasting GDP above pre-crisis levels as of the end of 2022. In the emerging world excluding China, recovery forecasts were much lower, with a level of economic activity in 2022 still more than 6% below the levels expected before the Covid crisis.

In the United States, after Donald Trump's US$2.2 trillion "Coronavirus Aid, Relief and Economic Security Act" (CARES Act) and the US$900 billion package in December, Joe Biden's "American Rescue Plan" was deployed in March, for an amount of $1.9 trillion, i.e. around 9% of GDP. Households, mainly those with low incomes, were the main beneficiaries. **Boosted by the government's income support, household consumption posted a strong recovery. With annualised growth of +10.7% in the first quarter, it enabled US GDP to record an annualised increase of +6.4%.** While foreign demand continued to be sluggish, with the rest of the world still burdened by the health crisis (exports -11% below their pre-crisis levels), consumption contributed 7 percentage points to growth. Although GDP remains below its pre-crisis level (by more than 0.9% compared to the end of 2019), household consumption recovered virtually all of its losses, with the consumption of goods (+12.5% vs. its pre-crisis level) offsetting lower services consumption (-5.7%). The surveys confirm the vigour of the US recovery. In June, **both the unemployment rate (5.9%) and the number of unemployed (9.5 million) had virtually stabilised** at a level far lower than the peak in April 2020 (14.8% and 23.1 million, respectively), but are still higher than pre-crisis levels (3.5% and 5.7 million) from February 2020. Likewise, the participation rate (61.6% in June) improved from the April 2020 trough (60.2%) but remains lower than its pre-crisis level (63.4%).

At the same time, **core inflation** (consumer prices excluding fuel and food) **recovered (3.8% vs. 1.4% in January) but remains lower than headline inflation, which rose from 1.4% year-on-year in January to 5% in May**, its highest level since the peak of 5.4% in August 2008. This rapid acceleration was the result of a combination of several factors. In addition to the base effects, sharp increases in commodity prices and temporary bottlenecks in the context of a strong rebound in household consumption were supported by substantial financial aid and high savings rates. Furthermore, the reopening of the economy led to pressure on prices in the sectors directly impacted by the pandemic (hotels, air and automotive transport), while supply remains limited coming out of the crisis. Lastly, we note two specific factors: on the one hand, the rise in the prices of second-hand vehicles (+30% year-on-year in May), partially resulting from the measures to support consumption, which are expected to continue to impact the inflation rate up to the beginning of 2022, and, on the other hand, the rise in existing home prices (+19% year-on-year in April), which is set to drive up the "owner-equivalent rent" component between Q3 2021 and the end of 2022.

The Eurozone showed good resilience to the last lockdown phases. The negative impacts were contained to the sectors subject to targeted restrictions, and its early recovery compared to other regions permitted a rapid restart of the manufacturing sector. The economic decline in the first quarter was limited (-0.3%) and not as steep as in Q4 2020 (-0.6%). In the first quarter, GDP showed better intra-zone convergence of performances (with the exception of Spain), with private consumption still hampering growth, and investment and trade remaining strong, despite a slightly positive contribution to growth. Strong momentum in productive investment came as a nice surprise, buoyed by the robust demand for manufactured goods as well as the European recovery plan: although the funds have not yet been released, Member States have been able to anticipate them and launch investment projects via national spending. While, with the exception of Spain, investment has almost fully recovered in the major Eurozone economies, GDP was still -5.1% below pre-crisis levels, due mainly to lagging private consumption (-9.5%).

Based on the surveys in particular, the outlook is positive: the strong recovery of the global manufacturing cycle creates a virtuous circle of demand for capital goods benefiting European manufacturers. The growing pressure on equipment indicated by Eurozone manufacturers augurs well for continued strong demand for the sector. According to the surveys of industrial companies, demand is no longer a restrictive factor on production: demand for consumer goods remains dynamic, driven by durable consumer goods as well as the production of electrical and electronic equipment. Although external demand is strong and internal demand within the zone is expected to increase, industrial activity will continue to be disrupted in the upcoming months by the resorption of substantial inventories and by the difficulties in procuring commodities and intermediate goods. Other factors could also affect end markets for production, notably the routing of exports due to disruptions in sea freight. In services, the surveys signal a return of economic expansion as of the first phases of lockdown easing. The GDP rebounds sharply in the second quarter in the euro zone (+2.0%/Q1), probably driven by a very positive contribution from consumption after the lifting of health restrictions in many countries and the progress of vaccination campaigns. **Upward pressures (commodity prices, base effects) have led to a full recovery of inflation** (up from +0.9% year-on-year in January to +1.9% in June) **but have not affected core inflation** (+0.9% year-on-year in June).

The accommodative course of monetary policy was maintained by both the Federal Reserve and, clearly, by the ECB.

In the **United States**, at the start of the year, Jerome Powell emphasised the still extremely weakened nature of the labour market and the low employment rate compared to its pre-crisis level. The fiscal stimulus and economic recovery were of course factors that could lead to higher but temporary inflation (structural disinflation, high underemployment, anchoring of inflation expectations). Employment and inflation, both still far from target, were the arguments justifying the maintaining of a long-term accommodative monetary policy (monthly asset purchases of US$120 billion, target range for the federal funds rate of [0-0.25%]). The Fed's inflation targeting strategy (average of 2%), combined with its experience in managing previous crises, encouraged it to avoid being hasty. Not until its FOMC (Federal Open Market Committee) monetary policy meeting of 15 and 16 June did the Fed make its first change, which merely consisted of a rise in its forecasts for the federal funds rate[71], combined with an upward revision of growth and inflation[72]. Inflationary pressure was higher, but still deemed to be transitory (strong demand in the wake of the reopening of the economy, bigger bottlenecks than anticipated in industry).

In the **Eurozone**, while the ECB raised its growth and inflation forecasts in June[73], it reiterated the very accommodative and very flexible orientation of its monetary policy: The interest rates of the main refinancing transactions as well as those of the marginal lending facility and deposit facility will remain unchanged (at 0.00%, +0.25% and -0.50%, respectively) until "the inflation outlook robustly converges to a level sufficiently close to, but

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[71] 13 members of the FOMC (out of a total of 18) forecast an increase in the federal funds rate before the end of 2023 (vs. 7 at the previous FOMC meeting). The median of FOMC member preferences is 50 basis points above the current rate, which suggests two 25-basis-point rate hikes for 2023 (vs. none last March). The consensus was anticipating a rise of just 25 basis points.

[72] The FOMC members revised their growth forecast for 2021 to 7% (vs. 6.5% in March) with the unemployment rate unchanged at 4.5%. The scenario for 2022 and 2023 remains globally unchanged, with a growth forecast for 2022 maintained at 3.3% and a 2023 figure slightly raised to 2.4% vs. 2.2%, still above the potential growth rate of 1.8%. Inflation as measured by the personal consumption expenditure (PCE) index would average at 3% this year (vs. 2.2% expected in March) with an upward revision of 1 percentage point for Q4 2021 to 3.4%. However, the Federal Reserve maintains its analysis according to which the rise in short-term inflation is set to be transitory, which also results in an inflation forecast that still reflects a sharp drop in 2022 (to 2.1% in Q4 2022 and Q4 2023).

[73] The growth forecast was raised to 4.6% for 2021 (vs. 4% in the March forecasts) and to 4.7% for 2022 (from 4.1%), but not for 2023 (2.1%); the ECB also integrated the recent rise in inflation (to 2% in May), revising its forecasts for 2021 from 1.5% to 1.9% and for 2022 from 1.2% to 1.5%. The rise in inflation is expected to be just temporary, which justifies maintaining its 2023 forecast at 1.4%.

below, 2% within its projection horizon, and such convergence has been consistently reflected in core inflation dynamics"; the net asset purchases under the PEPP (Pandemic Emergency Purchase Programme, with a total budget of €1.85 trillion) was extended at least until the end of March 2022 or until the coronavirus crisis phase is over; net asset purchases under the APP (Asset Purchase Programme) were maintained at a monthly pace of €20 billion "for as long as necessary to reinforce the accommodative impact of its policy rates"; ample liquidity is maintained via the refinancing transactions (TLTRO III).

The trend on the bond markets can be very schematically split into two parts: an enthusiastic first quarter buoyed by the "reflation trade", and a gloomier second quarter caught up by the reality of the pandemic.

Supported by the reflation trade theme, which was driven by the stronger growth and inflation outlooks, resulting in turn from the massive fiscal support measures and very accommodative monetary policy measures, the rise in oil and commodity prices, the advancement of the vaccine rollout and better-than-expected economic data, interest rates recorded a marked rise in the United States in the first quarter and this increase spread to the Eurozone. While very short-term rates remained anchored at a very low level, risk-free sovereign rates, which were still low at the start of January (US and German 10-year rates close to +0.90% and -0.60%, respectively), picked up, culminating in April at +1.70% in the US and later at -0.10% in May in Germany. While the Fed proved to be more tolerant with respect to the tightening of financing conditions, a synonym of improvement in economic prospects, the ECB was quick to signal that this tightening was premature and unjustified.

Once the economic improvement was effectively confirmed, the news on the health front nevertheless dampened enthusiasm in the second quarter: new variants, the virulent upturn of the pandemic in major emerging countries, the slow pace or lack of vaccination drive in large developed countries, and the Chinese authorities admitting the low effectiveness of locally manufactured vaccines. The pandemic was proving to be far from over and that it would continue to determine the pace and strength of the exit from the crisis.

Therefore, after a jump, the bond markets adopted a more conservative stance. In early July, US and German 10-year rates (+1.30% and -0.35%, respectively) recorded limited increases of around +40 and +25 basis points (bp) compared to their levels at the start of January. The spreads to the France Bund (+40 bp) and Italy (+110 bp) were respectively wider (by +15 bp) and stable vs. the start of the year. The equity markets rose, still buoyed by the accommodative financing conditions and favourable growth prospects, at least in developed countries, with a virtually uninterrupted rally over the first half of 2021 (S&P 500, Eurostoxx 50, CAC 40 – up +15%, +12.5%, +15%, respectively).

Outlook

Thanks to the progress of the vaccine rollouts, the gradual normalisation of mobility, the support plans and then fiscal stimulus, growth has returned and is set to be stronger in most developing countries. But the enthusiasm may be tempered by a possible resurgence of the pandemic in the summer (with a smaller impact), and is limited to the developed world, due to the fragmentation of emerging countries.

In the **United States**, massive stimulus measures and progress in the vaccine drive enabling a more rapid-than-expected reopening led to a significant rebound in growth in the first quarter. Our upward revision of forecasts is based on consumer behaviour that is more favourable to growth, with households willing to dig deeper into their accumulated savings than before. Services consumption, which increased slightly over the last three quarters despite the restrictions, is set to take off in the coming months, substituting spending on goods. Our forecasts also include solid investment, fuelled by a strong recovery and a high level of confidence. GDP is likely to have continued to accelerate in the second quarter thanks to further progress in vaccinations and the easing of restrictions on activity and mobility. **Growth therefore may peak in the second quarter (+10%), after which a gradual deceleration would take place: to +6.5% in 2021 and then +4% in 2022**[74]. Average growth is expected to be clearly above its long-term trend, toward which it would converge at the end of 2022. In order to reflect higher energy prices and continually high real-estate prices, as well as a pick-up in core inflation (second-round effects, impact of the stimulus plans on consumer behaviour generating very specific price increases, such as for second-hand cars), inflation forecasts were revised upwards. **However, this strong (and therefore impressive) acceleration in inflation is expected to be only transitory**. Headline inflation, following a peak of between +4.5% and +5% up to January 2022, would lose steam and return to a “normal” pace at the end of the year (core and headline inflation of +2.3% and +2.1%, respectively, at end 2022). A slowing of inflation rates continues to be our central scenario in the coming months thanks to the dissipation of the base effects and the opening up of the economy, which is expected to facilitate the normalisation of the current supply and demand imbalance.

While its strength over the medium-term remains conditional on many assumptions that cannot yet be confirmed, Eurozone growth is looking more robust in 2021. Thanks to targeted and less damaging restrictions, the earlier recovery of other zones reactivating their manufacturing sectors, and then the expected normalisation of spending behaviour, as well as the easing of localised constraints on supply[75], growth is expected to reach (or even slightly exceed, due to moderately upside risks that are still downside in the medium term) +4.8% in 2021 and then +4.5% in 2022.

In France, a more sustainable recovery of activity is taking shape: a recovery supported primarily by consumption, but also by growth in investment, which is set to continue to pick up, boosted by the recovery plan and still very favourable financing conditions. Growth is therefore expected to stand at +5.4% in 2021 and +4.1% in 2022. The recent deterioration in the health situation does spark fears of new restrictions: they are likely to be contained, and the downward risk to our scenario appears limited. With no restrictions, an exit from the crisis accompanied by a sharp reduction in savings could even lead to upward revisions of our forecasts for 2022. Furthermore, our scenario includes a rise in average unemployment to 8.7% in 2021 (8% in 2020). Therefore, while the upturn in hiring and the localised tensions in the labour market add to fears of a return of persistently higher inflation in the United States, these seem unjustified in France. We assume a limited and temporary acceleration in inflation (close to +1.9% at the end of 2021 and +1.1% at the end of 2022 for annual averages of +1.5% and +1.25%, respectively).

More generally, **the scenario outlined for the Eurozone simultaneously rules out a sustainable significant pick-up in inflation and a strong deflationary trend.** The inflation forecasts include **a transitory acceleration, leading to headline inflation above the 2% target in H2 2021 and Q1 2022** – with a high point at around

[74] In the United States, the stimulus plans currently under discussion on infrastructure spending are not likely to produce the same impact on growth than the previous plans, which were more geared to direct support for household consumption and corporates. In its current form, the plan provides for US$579 billion in spending, i.e. just a fraction of President Joe Biden’s initial plan (US$2.3 trillion) and would be spread over eight years. The draft plan remains entrenched in uncertainty. It is currently not factored into our forecasts but will be as soon as there is sufficient visibility.

[75] The tensions in the sectors where the increases in demand were concentrated during periods of social distancing (IT, microprocessors) are expected to gradually dissipate, and several still restricted sectors are expected to start to recover, with fully recovery anticipated for some of them.

November, as the overall inflation level would peak slightly above +3%, for core inflation of close to +2% – then a significant drop and return to comfortably below the target at the end of 2022 (around +1.3%).

Within the (fragmented) emerging countries, recovery is visible: there is nevertheless likely to be a lack of uniformity, and threats – among which the pandemic continues to be the number one – are accumulating. The post-Covid recovery can be schematically divided into two stages, the first initiated by external drivers, then continued by domestic factors. While the progress of vaccinations is very unequal, growth could continue to be curbed by social distancing measures, as well as by the restrictions on tourism, limited fiscal firepower and strong monetary constraints: increased inflation, even if only temporary, could lead central banks to rapidly opt for a more restrictive policy. While the disinflation process is not so far back and inflation expectations are more reactive, many emerging central banks – with a shorter track record in terms of credibility – cannot wait. Lastly, in **China**, under the influence of a decline in the support measures, reflected in a rapid fiscal consolidation and general deceleration in financing, **the slowdown is expected to continue**. Moreover, growth has proven to be increasingly imbalanced: very strong supply is set off by weaker domestic demand, as household consumption remains penalised by the weakness of the labour market, favouring a rise in the savings ratio. Our scenario includes average growth of around +8.5% in 2021 – a strong pace but insufficient to stabilise the labour market – and then a slowdown toward +5.7% in 2022.

In the United States, the acceleration in growth and, supposedly transitory, acceleration in inflation, do not make the adoption of a far more restrictive monetary policy an absolute urgency. **Although the monetary tightening is now expected sooner, it will remain gradual and measured: first a tapering, then an increase in rates, and not before 2023**. Discussions over a slowing of its asset purchase programme could start at the symposium in Jackson Hole at the end of August; the gradual reduction in asset purchases is unlikely to start before the beginning of 2022 and, while the slightly hawkish shift in June suggests a faster rise in key rates, this would be limited to two initial hikes of 25 basis points each in 2023. Unlike in 2013, the Fed's tapering is not expected to result in market turbulence, but to be accompanied by a moderation in long-term rates, notably encouraged by the normalisation of inflation and ample liquidity in the financial system. Our scenario includes a 10-year sovereign rate of around +1.65% at the end of 2021 and then around +1.35% at the end of 2022: a moderate level, still explained by the slow resorption of the output gap and the low neutral interest rate, which has been following a heavy and long downward path that is unlikely (or not at all likely) to reverse rapidly.

In the Eurozone, despite the improvement in the economic outlook and reduction in risks, the ECB will maintain a very accommodative monetary policy over the coming months, notably by expanding the amount of the PEPP (Pandemic Emergency Purchase Programme) and extending it through to the end of 2022, vs. its previous intended end date of March 2022. European sovereign bonds will remain very low and could lose ground during the summer (drop in volatility, carry transactions, announcement by the ECB in June of a "significantly higher pace" of asset purchases extended to the third quarter, ample liquidity in the banking system). Our scenario takes account of a German 10-year yield of -0.20% at the end of 2021 and -0.10% at the end of 2022, combined with still narrow spreads of the non-core countries.

The reduction in monetary accommodation in the United States, firstly via moderate tapering, is favourable to an appreciation of the dollar, also moderate and not as long-lasting as the one in 2013. Beyond this, the fundamental support factors are reduced, among which the clear diversification trend interrupted by periods of strong risk aversion – currency reserves at the expense of the dollar and in favour of liquid substitutes such as the euro.

Appendix 1 – Specific items, Crédit Agricole Group and Crédit Agricole S.A.

Groupe Crédit Agricole – Specific items, Q2-21 and Q2-20, H1-21 and H1-20

€m	Q2-21		Q2-20		H1-21		H1-20	
	*Gross impact**	*Impact on Net income*	*Gross impact**	*Impact on Net income*	*Gross impact**	*Impact on Net income*	*Gross impact**	*Impact on Net income*
DVA (LC)	(7)	(6)	(7)	(5)	1	1	(26)	(19)
Loan portfolio hedges (LC)	(8)	(6)	(75)	(51)	(16)	(11)	48	32
Home Purchase Savings Plans (LCL)	2	2	(4)	(3)	(10)	(7)	(15)	(10)
Home Purchase Savings Plans (CC)	4	3	(16)	(11)	0	0	(46)	(31)
Home Purchase Savings Plans (RB)	19	13	(58)	(40)	1	0	(133)	(90)
Liability management upfront payment (CC)	-	-	(41)	(28)	-	-	(41)	(28)
Support to insured clients Covid-19 (AG)	-	-	(2)	(1)	-	-	(2)	(1)
Support to insured clients Covid-19 (AG)	-	-	(143)	(97)	-	-	(143)	(97)
Support to insured clients Covid-19 (RB)	-	-	(94)	(64)	-	-	(94)	(64)
Ongoing sale project NBI (WM)	(1)	(1)	-	-	(1)	(1)	-	-
Total impact on revenues	**9**	**6**	**(441)**	**(300)**	**(25)**	**(18)**	**(452)**	**(309)**
Covid-19 donation (AG)	-	-	-	-	-	-	(38)	(38)
Covid-19 donation (IRB)	-	-	-	-	-	-	(8)	(4)
Covid-19 donation (CC)	-	-	-	-	-	-	(10)	(10)
Covid-19 donation (RB)	-	-	-	-	-	-	(10)	(10)
S3 / Kas Bank integration costs (LC)	-	-	(5)	(2)	(4)	(2)	(9)	(4)
Transformation costs (LC)	(16)	(8)	-	-	(16)	(8)	-	-
Transformation costs (FRB)	(13)	(9)	-	-	(13)	(9)	-	-
Ongoing sale project Expenses (WM)	(2)	(2)	-	-	(2)	(2)	-	-
Total impact on operating expenses	**(32)**	**(19)**	**(5)**	**(2)**	**(36)**	**(21)**	**(75)**	**(67)**
Restatement SRF 2016-2020 (CR)	-	-	-	-	55	55	-	-
Restatement SRF 2016-2020 (CC)	-	-	-	-	130	130	-	-
Total impact on SRF	**-**	**-**	**-**	**-**	**185**	**185**	**-**	**-**
Triggering of the Switch2 (AG)	-	-	65	44	-	-	65	44
Triggering of the Switch2 (RB)	-	-	(65)	(44)	-	-	(65)	(44)
Creval - Cost of Risk stage 1 (IRB)	(25)	(21)	-	-	(25)	(21)	-	-
Total impact on cost of credit risk	**(25)**	**(21)**	**-**	**-**	**(25)**	**(21)**	**-**	**-**
Badwill Creval (IRB)	378	321	-	-	378	321	-	-
Total impact on change of value of goodwill	**378**	**321**	**-**	**-**	**378**	**321**	**-**	**-**
"Affrancamento" gain (IRB)	38	32	-	-	38	32	-	-
"Affrancamento" gain (AG)	114	80	-	-	114	80	-	-
Total impact on tax	**152**	**111**	**-**	**-**	**152**	**111**	**-**	**-**
"Affrancamento" gain (SFS)	5	5	-	-	5	5	-	-
Total impact equity-accounted entities	**5**	**5**	**-**	**-**	**5**	**5**	**-**	**-**
Creval acquisition costs (IRB)	(16)	(9)	-	-	(16)	(9)	-	-
Total impact on Net income on other assets	**(16)**	**(9)**	**-**	**-**	**(16)**	**(9)**	**-**	**-**
Ongoing sale project (WM)	10	10	-	-	5	5	-	-
Total impact on Net income from discounted or held-for-sale operations	**10**	**10**	**-**	**-**	**5**	**5**	**-**	**-**
Total impact of specific items	481	403	(445)	(302)	623	557	(527)	(376)
Asset gathering	**121**	**87**	**(77)**	**(53)**	**116**	**82**	**(116)**	**(91)**
French Retail banking	**8**	**5**	**(224)**	**(152)**	**32**	**39**	**(320)**	**(221)**
International Retail banking	**375**	**322**		**-**	**375**	**322**	**(8)**	**(4)**
Specialised financial services	**5**	**5**	**-**	**-**	**5**	**5**	**-**	**-**
Large customers	**(32)**	**(20)**	**(86)**	**(58)**	**(35)**	**(21)**	**13**	**9**
Corporate centre	**4**	**3**	**(58)**	**(39)**	**130**	**130**	**(97)**	**(69)**

Crédit Agricole S.A. – Specific items, Q2-21 and Q2-20, H1-21 and H1-20

€m	*Q2-21*		*Q2-20*		*H1-21*		*H1-20*	
	*Gross impact**	*Impact on Net income*	*Gross impact**	*Impact on Net income*	*Gross impact**	*Impact on Net income*	*Gross impact**	*Impact on Net income*
DVA (LC)	(7)	(5)	(7)	(5)	1	1	(26)	(19)
Loan portfolio hedges (LC)	(8)	(6)	(75)	(50)	(16)	(11)	48	32
Home Purchase Savings Plans (FRB)	2	1	(4)	(2)	(10)	(7)	(15)	(10)
Home Purchase Savings Plans (CC)	4	3	(16)	(11)	0	0	(46)	(31)
Liability management upfront payment (CC)	-	-	(41)	(28)	-	-	(41)	(28)
Support to insured clients Covid-19 (LCL)	-	-	(2)	(1)	-	-	(2)	(1)
Support to insured clients Covid-19 (AG)	-	-	(143)	(97)	-	-	(143)	(97)
Ongoing sale project NBI (WM)	(1)	(1)	-	-	(1)	(1)	-	-
Total impact on revenues	**(10)**	**(7)**	**(288)**	**(195)**	**(25)**	**(18)**	**(225)**	**(154)**
Covid-19 donation (AG)	-	-	-	-	-	-	(38)	(38)
Covid-19 donation (IRB)	-	-	-	-	-	-	(8)	(4)
Covid-19 donation (CC)	-	-	-	-	-	-	(10)	(10)
S3 / Kas Bank integration costs (LC)	-	-	(5)	(2)	(4)	(2)	(9)	(4)
Transformation costs (LC)	(16)	(8)	-	-	(16)	(8)	-	-
Transformation costs (FRB)	(13)	(9)	-	-	(13)	(9)	-	-
Ongoing sale project Expenses (WM)	(2)	(2)	-	-	(2)	(2)	-	-
Total impact on operating expenses	**(32)**	**(19)**	**(5)**	**(2)**	**(36)**	**(21)**	**(65)**	**(57)**
Restatement SRF2016-2020	-	-	-	-	130	130	-	-
Total impact on SRF	**-**	**-**	**-**	**-**	**130**	**130**	**-**	**-**
Triggering of the Switch2 (AG)	-	-	65	44	-	-	65	44
Creval - Cost of Risk stage 1 (IRB)	(25)	(19)	-	-	(25)	(19)	-	-
Total impact on cost of credit risk	**(25)**	**(19)**	**65**	**44**	**(25)**	**(19)**	**65**	**44**
"Affrancamento" gain (SFS)	5	5	-	-	5	5	-	-
Total impact equity-accounted entities	**5**	**5**	**-**	**-**	**5**	**5**	**-**	**-**
Creval acquisition costs (IRB)	(16)	(8)	-	-	(16)	(8)	-	-
Total impact Net income on other assets	**(16)**	**(8)**	**-**	**-**	**(16)**	**(8)**	**-**	**-**
Badwill Creval (IRB)	378	285	-	-	378	285	-	-
Total impact on change of value of goodwill	**378**	**285**	**-**	**-**	**378**	**285**	**-**	**-**
"Affrancamento" gain (IRB)	38	28	-	-	38	28	-	-
"Affrancamento" gain (AG)	114	78	-	-	114	78	-	-
Total impact on tax	**152**	**106**	**-**	**-**	**152**	**106**	**-**	**-**
Ongoing sale project (WM)	10	10	-	-	5	5	-	-
Total impact on Net income from discounted or held-for-sale operations	**10**	**10**	**-**	**-**	**5**	**5**	**-**	**-**
Total impact of specific items	***462***	***353***	***(227)***	***(153)***	***568***	***466***	***(224)***	***(167)***
Asset gathering	*121*	*85*	*(77)*	*(53)*	*116*	*80*	*(116)*	*(91)*
French Retail banking	*(11)*	*(8)*	*(6)*	*(4)*	*(23)*	*(16)*	*(17)*	*(11)*
International Retail banking	*375*	*287*		*-*	*375*	*287*	*(8)*	*(4)*
Specialised financial services	*5*	*5*	*-*	*-*	*5*	*5*	*-*	*-*
Large customers	*(32)*	*(20)*	*(86)*	*(57)*	*(35)*	*(21)*	*13*	*9*
Corporate centre	*4*	*3*	*(58)*	*(39)*	*130*	*130*	*(97)*	*(69)*

Appendix 2 – Credit Agricole Group: results by business lines

Groupe Crédit Agricole – Results by business lines, Q2-21 and Q2-20

	Q2-21 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**3,472**	**929**	**818**	**1,765**	**658**	**1,561**	**100**	**9,304**
Operating expenses excl. SRF	(2,236)	(569)	(495)	(751)	(327)	(917)	(241)	(5,536)
SRF	(1)	(0)	(12)	0	1	(0)	0	(12)
Gross operating income	**1,235**	**360**	**311**	**1,014**	**332**	**644**	**(140)**	**3,756**
Cost of risk	(186)	(43)	(123)	(18)	(134)	41	(6)	(470)
Equity-accounted entities	(12)	-	0	21	87	2	-	98
Net income on other assets	2	1	(16)	(1)	12	(37)	3	(35)
Change in value of goodwill	2	-	378	-	-	-	-	379
Income before tax	**1,041**	**318**	**550**	**1,015**	**298**	**649**	**(143)**	**3,728**
Tax	(287)	(86)	(21)	(121)	(59)	(154)	47	(681)
Net income from discont'd or held-for-sale ope.	-	-	0	10	1	-	-	11
Net income	**755**	**232**	**529**	**904**	**239**	**496**	**(96)**	**3,058**
Non controlling interests	(0)	(0)	(88)	(157)	(28)	(13)	(1)	(287)
Net income Group Share	**754**	**232**	**441**	**747**	**211**	**483**	**(97)**	**2,770**

	Q2-20 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**3,163**	**851**	**1,360**	**664**	**607**	**1,706**	**(256)**	**8,096**
Operating expenses excl. SRF	(2,023)	(544)	(666)	(439)	(309)	(857)	(199)	(5,036)
SRF	(29)	(7)	1	(9)	(0)	(60)	(2)	(107)
Gross operating income	**1,112**	**301**	**696**	**216**	**298**	**789**	**(458)**	**2,953**
Cost of risk	(363)	(117)	64	(200)	(248)	(342)	(2)	(1,208)
Equity-accounted entities	(1)	-	15	-	60	3	-	78
Net income on other assets	(4)	-	(0)	65	18	(0)	(0)	78
Change in value of goodwill	(3)	-	-	-	-	-	-	(3)
Income before tax	**741**	**183**	**775**	**81**	**128**	**450**	**(460)**	**1,898**
Tax	(226)	(53)	(202)	(17)	47	(47)	189	(308)
Net income from discont'd or held-for-sale ope.	-	-	-	(0)	-	-	-	(0)
Net income	**515**	**130**	**573**	**64**	**175**	**403**	**(272)**	**1,590**
Non controlling interests	(0)	(0)	(69)	(22)	(26)	(16)	27	(107)
Net income Group Share	**515**	**130**	**504**	**42**	**149**	**387**	**(245)**	**1,483**

Groupe Crédit Agricole – Results by business lines, H1-21 and H1-20

	H1-21 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**7,008**	**1,822**	**1,529**	**3,348**	**1,302**	**3,225**	**120**	**18,353**
Operating expenses excl. SRF	(4,503)	(1,143)	(924)	(1,535)	(662)	(1,831)	(445)	(11,041)
SRF	(87)	(59)	(33)	(7)	(23)	(328)	58	(479)
Gross operating income	**2,418**	**621**	**572**	**1,806**	**617**	**1,066**	**(267)**	**6,834**
Cost of risk	(339)	(126)	(222)	(25)	(262)	(27)	(6)	(1,007)
Equity-accounted entities	(11)	-	0	38	161	3	-	192
Net income on other assets	12	1	(14)	(0)	12	(37)	3	(23)
Change in value of goodwill	2	-	378	-	-	-	-	379
Income before tax	**2,081**	**496**	**715**	**1,819**	**529**	**1,006**	**(270)**	**6,376**
Tax	(629)	(151)	(72)	(300)	(109)	(220)	79	(1,401)
Net income from discontinued or held-for-sale operations	-	-	(1)	5	1	-	-	5
Net income	**1,452**	**345**	**642**	**1,524**	**421**	**787**	**(191)**	**4,979**
Non controlling interests	(1)	(0)	(110)	(267)	(51)	(23)	(3)	(455)
Net income Group Share	**1,451**	**344**	**532**	**1,257**	**370**	**764**	**(194)**	**4,524**

	H1-20 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**6,323**	**1,729**	**2,694**	**1,360**	**1,254**	**3,295**	**(192)**	**16,462**
Operating expenses excl. SRF	(4,286)	(1,128)	(1,471)	(889)	(661)	(1,741)	(408)	(10,584)
SRF	(123)	(42)	(6)	(25)	(20)	(260)	(86)	(562)
Gross operating income	**1,914**	**558**	**1,217**	**446**	**573**	**1,293**	**(686)**	**5,316**
Cost of risk	(670)	(218)	46	(316)	(438)	(501)	(39)	(2,137)
Equity-accounted entities	3	-	29	-	132	4	-	168
Net income on other assets	(4)	0	3	66	18	(0)	(0)	84
Change in value of goodwill	(3)	-	-	-	-	-	-	(3)
Income before tax	**1,240**	**340**	**1,294**	**195**	**286**	**796**	**(725)**	**3,428**
Tax	(464)	(109)	(328)	(54)	18	(103)	252	(789)
Net income from discontinued or held-for-sale operations	-	-	-	(1)	-	-	-	(1)
Net income	**776**	**231**	**967**	**140**	**304**	**693**	**(473)**	**2,638**
Non controlling interests	(1)	(0)	(131)	(40)	(46)	(26)	(4)	(248)
Net income Group Share	**775**	**231**	**835**	**101**	**258**	**667**	**(477)**	**2,391**

Appendix 3 – Crédit Agricole S.A.: results by business line

Crédit Agricole S.A. – Results by business line, Q2-21 and Q2-20

	Q2-21 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**1,764**	**929**	**801**	**658**	**1,561**	**105**	**5,819**
Operating expenses excl. SRF	(751)	(569)	(482)	(327)	(917)	(207)	(3,253)
SRF	0	(0)	(12)	1	(0)	0	(11)
Gross operating income	**1,013**	**360**	**307**	**332**	**644**	**(102)**	**2,554**
Cost of risk	(18)	(43)	(120)	(134)	41	(4)	(279)
Equity-accounted entities	21	-	0	87	2	(9)	101
Net income on other assets	(1)	1	(16)	12	(37)	4	(37)
Income before tax	**1,014**	**318**	**549**	**298**	**649**	**(111)**	**2,717**
Tax	(121)	(86)	(21)	(59)	(153)	44	(397)
Net income from discontinued or held-for-sale operations	10	-	0	1	-	-	11
Net income	**903**	**232**	**528**	**239**	**496**	**(67)**	**2,331**
Non controlling interests	(165)	(10)	(132)	(28)	(23)	(5)	(363)
Net income Group Share	**738**	**221**	**396**	**211**	**473**	**(72)**	**1,968**

	Q2-20 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**1,359**	**851**	**640**	**607**	**1,706**	**(266)**	**4,897**
Operating expenses excl. SRF	(666)	(544)	(418)	(309)	(857)	(187)	(2,980)
SRF	1	(7)	(9)	(0)	(60)	(2)	(79)
Gross operating income	**694**	**300**	**212**	**298**	**789**	**(456)**	**1,838**
Cost of risk	64	(117)	(199)	(248)	(342)	(1)	(842)
Equity-accounted entities	15	-	-	60	3	10	88
Net income on other assets	(0)	-	65	18	(0)	(0)	82
Income before tax	**773**	**183**	**78**	**128**	**450**	**(447)**	**1,166**
Tax	(201)	(53)	(16)	47	(47)	185	(86)
Net income from discontinued or held-for-sale operations	-	-	(0)	-	-	-	(0)
Net income	**572**	**130**	**62**	**175**	**403**	**(262)**	**1,080**
Non controlling interests	(74)	(6)	(25)	(26)	(23)	29	(126)
Net income Group Share	**498**	**124**	**37**	**149**	**379**	**(233)**	**954**

Crédit Agricole S.A. – Results by business line, H1-21 and H1-20

	H1-21 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**3,348**	**1,822**	**1,495**	**1,302**	**3,226**	**119**	**11,312**
Operating expenses excl. SRF	(1,534)	(1,143)	(897)	(662)	(1,831)	(383)	(6,450)
SRF	(7)	(59)	(33)	(23)	(328)	58	(392)
Gross operating income	**1,806**	**621**	**565**	**617**	**1,067**	**(206)**	**4,470**
Cost of risk	(25)	(126)	(220)	(262)	(27)	(3)	(663)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	38	-	0	161	3	(15)	188
Net income on other assets	(0)	1	(13)	12	(37)	4	(34)
Change in value of goodwill	-	-	378	-	-	-	378
Income before tax	**1,819**	**496**	**709**	**529**	**1,007**	**(222)**	**4,339**
Tax	(299)	(151)	(71)	(109)	(219)	75	(775)
Net income from discontinued or held-for-sale operations	5	-	(1)	1	-	-	5
Net income	**1,525**	**345**	**637**	**421**	**788**	**(147)**	**3,569**
Non controlling interests	(279)	(15)	(162)	(51)	(39)	(8)	(555)
Net income Group Share	**1,245**	**329**	**475**	**370**	**749**	**(155)**	**3,014**

	H1-20 (stated)						
€m	AG	FRB (LCL)	IRB	SFS	LC	CC	Total
Revenues	**2,678**	**1,728**	**1,310**	**1,254**	**3,293**	**(167)**	**10,097**
Operating expenses excl. SRF	(1,471)	(1,128)	(848)	(661)	(1,741)	(385)	(6,235)
SRF	(6)	(42)	(25)	(20)	(260)	(86)	(439)
Gross operating income	**1,201**	**558**	**437**	**573**	**1,292**	**(638)**	**3,423**
Cost of risk	46	(218)	(314)	(438)	(501)	(37)	(1,463)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	29	-	-	132	4	13	178
Net income on other assets	3	0	66	18	(0)	(0)	87
Change in value of goodwill	-	-	-	-	-	-	-
Income before tax	**1,279**	**340**	**189**	**286**	**795**	**(662)**	**2,226**
Tax	(323)	(109)	(53)	18	(103)	224	(347)
Net income from discontinued or held-for-sale operations	-	-	(1)	-	-	-	(1)
Net income	**955**	**231**	**135**	**304**	**692**	**(439)**	**1,879**
Non controlling interests	(139)	(10)	(47)	(46)	(39)	(5)	(287)
Net income Group Share	**816**	**220**	**88**	**258**	**653**	**(444)**	**1,592**

Appendix 4 – Methods used to calculate earnings per share, net asset value per share

Crédit Agricole S.A. – Data per share, net book value per share and ROTE

(€m)		Q2-21	Q2-20	H1-21	H1-20	∆ Q2/Q2	∆ H1/H1
Net income Group share - stated		1,968	954	3,014	1,592	x 2.1	+89.3%
- Interests on AT1, including issuance costs, before tax		(79)	(72)	(193)	(229)	+9.7%	(15.7%)
NIGS attributable to ordinary shares - stated	[A]	1,889	882	2,821	1,363	x 2.1	x 2.1
Average number shares in issue, excluding treasury shares (m)	[B]	2,943.3	2,882.4	2,943.3	2,882.7	+2.1%	+2.1%
Net earnings per share - stated	**[A]/[B]**	**0.64 €**	**0.31 €**	**0.96 €**	**0.47 €**	**x 2.1**	**x 2**
Underlying net income Group share (NIGS)		1,615	1,107	2,548	1,758	+46.0%	+44.9%
Underlying NIGS attributable to ordinary shares	[C]	1,536	1,035	2,355	1,529	+48.5%	+54.0%
Net earnings per share - underlying	**[C]/[B]**	**0.52 €**	**0.36 €**	**0.80 €**	**0.53 €**	**+45.4%**	**+50.8%**

(€m)		30/06/2021	30/06/2020
Shareholder's equity Group share		65,863	63,895
- AT1 issuances		(4,882)	(5,130)
- Unrealised gains and losses on OCI - Group share		(2,313)	(2,291)
- Payout assumption on annual results*		(1,200)	
Net book value (NBV), not revaluated, attributable to ordin. sh.	**[D]**	**57,469**	**56,474**
- Goodwill & intangibles** - Group share		(17,569)	(18,502)
Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.	**[E]**	**39,900**	**37,972**
Total shares in issue, excluding treasury shares (period end, m)	[F]	3,076.3	2,882.8
NBV per share , after deduction of dividend to pay (€)	[D]/[F]	18.7 €	19.6 €
TNBV per share, after deduction of dividend to pay (€)	[G]=[E]/[F]	13.0 €	13.2 €

** dividend proposed to the Board meeting to be paid*
*** including goodwill in the equity-accounted entities*

(€m)		H1-21	H1-20
Net income Group share - stated	[K]	3,014	1,592
Impairment of intangible assets	[L]	0	0
IFRIC	[M]	-568	-493
Stated NIGS annualised	[N] = ([K]-[L]-[M])*2+[M]	6,595	3,676
Interests on AT1, including issuance costs, before tax, annualised	[O]	-386	-458
Stated result adjusted	[P] = [N]+[O]	6,209	3,218
Tangible NBV (TNBV), not revaluated attrib. to ord. sh. - avg***	[J]	38,872	36,022
Stated ROTE adjusted (%)	= [P] / [J]	16.0%	8.9%
Underlying Net income Group share	[Q]	2,548	1,758
Underlying NIGS annualised	[R] = ([Q]-[M])*2+[M]	5,663	4,010
Underlying NIGS adjusted	[S] = [R]+[O]	5,277	3,552
Underlying ROTE adjusted(%)	= [S] / [J]	13.6%	9.9%

**** including assumption of dividend for the current exercise*

Alternative Performance Indicators

NBV Net Book Value not re-evaluated

The Net Book Value not re-evaluated corresponds to the shareholders' equity Group share from which the amount of the AT1 issues, the unrealised gains and/or losses on OCI Group share and the pay-out assumption on annual results have been deducted.

NBV per share Net Book Value per share - NTBV per share Net Tangible Book Value per share

One of the methods for calculating the value of a share. This represents the Net Book Value divided by the number of shares in issue at end of period, excluding treasury shares.

Net Tangible Book Value per share represents the Net Book Value after deduction of intangible assets and goodwill, divided by the number of shares in issue at end of period, excluding treasury shares.

EPS Earnings Per Share

This is the net income Group share, from which the AT1 coupon has been deducted, divided by the average number of shares in issue excluding treasury shares. It indicates the portion of profit attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, assuming the net income Group share remains unchanged, if the number of shares increases.

Cost/income ratio

The cost/income ratio is calculated by dividing operating expenses by revenues, indicating the proportion of revenues needed to cover operating expenses.

Cost of risk/outstandings

Calculated by dividing the cost of credit risk (over four quarters on a rolling basis) by outstandings (over an average of the past four quarters, beginning of the period). It can also be calculated by dividing the annualised cost of credit risk for the quarter by outstandings at the beginning of the quarter. Similarly, the cost of risk for the period can be annualised and divided by the average outstandings at the beginning of the period.

Since the first quarter of 2019, the outstandings taken into account are the customer outstandings, before allocations to provisions.

The calculation method for the indicator is specified each time the indicator is used.

Doubtful loan

Defaulting loan. The debtor is considered to be in default when at least one of the following conditions has been met:

- a payment generally more than 90 days past due, unless specific circumstances point to the fact that the delay is due to reasons independent of the debtor's financial situation;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as enforcement of collateral security right.

Impaired loan

Loan which has been provisioned due to a risk of non-repayment.

Impaired (or doubtful) loan coverage ratio:

This ratio divides the outstanding provisions by the impaired gross customer outstandings.

Impaired (or doubtful) loan ratio:

This ratio divides the gross customer outstandings depreciated on an individual basis, before provisions, by the total gross customer outstandings.

Net income Group share

Net income/(loss) for the financial year (after corporate income tax). Equal to net income Group share, less the share attributable to non-controlling interests in fully consolidated subsidiaries.

Underlying Net income Group share

The underlying net income Group share represents the stated net income Group share from which specific items have been deducted (i.e. non-recurring or exceptional items).

Net income Group share attributable to ordinary shares

The net income Group share attributable to ordinary shares represents the net income Group share from which the AT1 coupon has been deducted, including issuing costs before tax.

RoTE Return on Tangible Equity

The RoTE (Return on Tangible Equity) measures the return on tangible capital by dividing the Net income Group share annualised by the group's NBV net of intangibles and goodwill. The annualised Net income Group share corresponds to the annualisation of the Net income Group share (Q1x4; H1x2; 9Mx4/3) excluding impairments of intangible assets and restating each period of the IFRIC impacts in order to linearise them over the year.

Disclaimer

The financial information on Crédit Agricole S.A. and Crédit Agricole Group for second quarter and first half 2021 comprises this press release, the presentation and the attached appendices which are available on the website: https://www.credit-agricole.com/en/finance/finance/financial-publications.

This presentation may include prospective information on the Group, supplied as information on trends. This data does not represent forecasts within the meaning of EU Delegated Act 2019/980 of 14 March 2019 (chapter 1, article 1, d).

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, the financial statements are 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.

Applicable standards and comparability

The figures presented for the six-month period ending 30 June 2021 have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date, and with prudential regulations currently in force. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting" and has not been audited.

Note: The scopes of consolidation of the Crédit Agricole S.A. and Crédit Agricole Groups have not changed materially since the Crédit Agricole S.A. 2020 Universal Registration Document and its A.01 update (including all regulatory information about the Crédit Agricole Group) were filed with the AMF (the French Financial Markets Authority).

The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.

On 30 June 2020, once all necessary regulatory approvals were secured, Amundi acquired the entire share capital of Sabadell Asset Management.

At 30 June 2021, following the buyback by Crédit Agricole Consumer Finance of 49% of the share capital of the CACF Bankia S.A. joint venture, CACF Bankia S.A. is fully consolidated in Crédit Agricole S.A.'s consolidated financial statements.

Financial Agenda

10 November 2021	Publication of the 2021 third quarter and first 9 months results

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