Crédit Agricole S.A. – Fourth Quarter and Full-Year 2019 Results

Friday, 14th February 2020
Introduction
Philippe Brassac
CEO, Crédit Agricole S.A.

We are just starting this conference. Thank you so much for being connected or present to this conference. It is really a great pleasure for Jérôme and me to present you today record performances for Crédit Agricole Group and Crédit Agricole S.A. for 2019. Jérôme will present you, in a few minutes, the key financial figures and many details about that, of course. But let me, during my introducing speech, try to stress there is absolutely no discrepancy between this challenging environment on which we often speak about tougher conditions, about rates, about several kinds of threats, about this high level of uncertainties, and the fact that, on the other hand, we present very high performances, very homogenous, very regular, and I add a last thing, very high performances. I would like to stress this point. There is no discrepancy, because I would like explain to you, according to us, probably the three main characteristics of our model, explaining that, on the lasting situation, how something I could call our magic potion for Crédit Agricole Group as an organisation, of course, not as a performance[?] of management. And I would like to point that with three points.

Universality
The first of them is this not so banal DNA of universality. I do stress this point. Universality means, for example, that notably in our domestic market, in France, Crédit Agricole means everything, everywhere for everybody. This is at the first analysis, very banal, but I would like to stress the fact that, of course, first of all, every ups or downs of the environment are very muted within our organisation. And, more than this, the fact that as we are really in the universal approach of the different needs of our customers – banking solutions, insurance solutions, protection solutions, real estate solutions and so on – I would like to stress the fact that our playing field is very broad, is very deep. And when we speak and when we give the priority to organic growth, this is not limiting factor but the statement that we have a huge strategic potential of growth. This is very important, because overall, universal means not having made some choices. According to us, this is the real choice, to have a very large, very broad, very deep, very stable playing field for development. This is first point.

Consolidation
The second point is the immediate consequence of the first one, on details. I am speaking about size. I am speaking about size because you probably know that we are the first retail basis in Europe. You probably know that we are the first bank in France, the first insurer in France and at the end of the day on the total assets I think the tenth largest bank in the world. But most of all, I would like to stress the fact that thanks to this size and thanks to the fact that we have always organised all our different business lines in legal entities with autonomy, used to serve many dozens of banks, and notably our Regional Banks, we are very well organised to be a consolidator on this current ongoing process of cooperation and partnership on business lines.

This is very important, because each quarter, we announce something for Amundi, for Crédit Agricole Consumer Finance, for CACEIS, for Crédit Agricole Assurances, but the fact is that Europe needs a form of consolidation and for the time being this consolidation is working
through cooperation about business lines and platforms. And we are really equipped, thanks to our size and thanks to our organisation, to be one of the main consolidators in the current process of this consolidation. This is very important.

I would like to, on this second point, stress a last point. The fact that sometimes, two times, we are said to be very strong in France but that’s all, just like a criticism. I think this is a strength. I think this is a strength because you probably know that the French market, the French banking insurance market is one of the most important, the most stable, the safest market in Europe. To be number one in this kind of a market is a strength. This is not something that could be commented on as a weakness, but this is a strength. And let me just tell you that some other French banks – sometimes, two times more important than us in international markets – do not succeed to beat us in our French market and this is not lack of trying to do that.

So, once again, I would like to stress the fact that universal banking for decades gave us a large, broad playing field. Then it gave us the size, very useful now for consolidation on the platform of our business lines.

Decentralised organisation

The third point that is not so banal when you look at the financial systems, is this structural decentralised organisation, because I am sure that this decentralised organisation is incredibly modern now. We could say for new societal expectations, of course, this is very important, but probably more than this, because we do understand now that the more the society will be digitalised, the more customers will ask availability of human teams available to appreciate, to have discernment and to decide. So, this decentralised organisation gives us this kind of advantage in this shift of the society and I would like to give you these key points to explain the level of performances. And, more than this, the regularity of these performances; and, more than this, the fact that we are really upbeat and optimistic for the future and to be able, of course, to be right in the plans we have stated in 2019. And for the time being you know that we are really more than on track.

Thank you so much for being connected and to be here, of course. And immediately I give the floor to Jérôme to comment and detail all the key figures for our financial performances.

Financial Performance

Jérôme Grivet

CFO, Crédit Agricole S.A.

Thank you very much Philippe and good afternoon to every one of you. I will walk you rapidly through the different slides that we have put together and of course, we will afterwards take your questions.

Key Figures

Let me start directly with the main figures of the quarter and of the year, which is the profit figures. I think what you can see here is that all these profit indicators are well oriented. It is the case for the net income Group share, the stated net income Group share, but also the case for the underlying figures. It is the case for Crédit Agricole Group and it is the case for
Crédit Agricole S.A. It is the case for the full year and it is especially the case for the last quarter of the year, which has been indeed a very dynamic and very good quarter for us.

The second element I wanted to stress on this page is that this is leading Crédit Agricole S.A. to a return on tangible equity, which at 11.9% is perfectly in line with the commitments that we have taken when we presented the medium-term plan last June. We said that our intention was to maintain the level of return on tangible equity above 11% and indeed with this 11.9% figure, we are perfectly on track.

Then maybe a third point, which you are going to see explained and illustrated a little bit further in the presentation, is that this very good level of profit has been reached with what I would call a virtuous manner, i.e. with a top line that is growing faster, and sometimes much faster than the cost line, which is improving the gross operating income, which is more than covering the normalisation in the cost of risk.

So, clearly, a very positive quarter and a very positive year for the Group and for Crédit Agricole S.A.

**High Profitability, Stronger Solvency**

On this page, maybe a few additional elements I can simply point out. The first one is that this virtuous manner of improving the net profit is indeed triggering a new improvement of the cost-to-income ratios. It is, for example, the case at the level of Crédit Agricole S.A. for the full year, where we now reach a level of cost-to-income ratio that stands at 61%, which is getting closer to the minus, lower than 60% target that we have set for the medium-term plan. Just as a reminder, when we started back in 2015, it was a little bit above 68%, so clearly, we are significantly improving from this viewpoint.

The second element we can stress on this page is the fact that we intend to propose to the General Assembly meeting next May to increase the dividend by around 1.5% and to set it at €0.70 a share.

Last point: the solvency ratios of both Crédit Agricole S.A. and the Group are improving quite significantly on the quarter and of course, also on the full-year 2019. And at Crédit Agricole S.A. it stands now at 12.1%; it is far above our target. At the level of the Group, it is at 15.9%, quite close to the target of 16% and above that we had set in the medium-term plan.

**Market Environment**

In terms of the economic and financial environment, nothing much to say. Simply the fact that if you remember when we were presenting the Q3 results, we were a little bit worried by the evolution of rates. They did not massively improve since that, but there has been kind of a normalisation as compared to the very negative levels that we had at that time, and we are now back to where we were in the beginning of 2019.

**Strong across All Business Lines**

These very good financial results are the consequence of a very good level of activity across the board within the Group. I will not again comment all the elements that are put on this page, but what I can say is that the level of activity is very good in all our business lines, in all our business divisions. That is the first point.

The second point is that we had last year a very dynamic growth of our customer base, with a gross customer capture for our retail banks in France and Italy which was in excess of
1.8 million new customer, which is absolutely huge. And this has led to an increase of our customer base which is globally of around 370,000 new customers.

Then the last point is that as we have regularly said, and as again Philippe has explained in his introductory speech of this presentation, we continue to increase the revenues generated by the synergies, i.e. the capacity of our different activities to work together. We are now reaching at group level around €9 billion of revenues that come precisely from this effort of making our business lines working together.

**Medium-Term Plan Implementation Starts**

2019 was the first year of implementation of our new medium-term plan. This plan is stressing and putting forward three main priorities, three main axes: the customer project; the human project; and the societal project. We have been working on these priorities as soon as in 2019 and you have on the following pages a few elements that illustrate that. Again, I am not going to read all these elements, but just let me give you some highlights and starting with the customer project.

*Customer project*

Again, I want to insist that this idea of being customer-oriented, being customer-focused, is a key priority of the group which does not date only from this medium-term plan – it is a key part of our DNA. It translated into very numerous action plans and actually those action plans, indeed, produced in 2019 some very significant outcomes.

*Human project*

The second key dimension is what we call the human project, which is based on a very simple conviction, which is that if we provide to our customers the best of what the technology can provide, we must at the same time engage into a profound management transformation in order, at the same time, to offer to our customers the best of an access to a human being in a responsible position, able to make or share the decisions with the customers. And so, again, a whole series of actions has been launched in 2019 and again, it is starting to produce some significant outcomes.

*Societal project*

The third key priority is to develop our societal project, which is perfectly in line with the “raison d’être” that we have set up last year. And just, it is the occasion for me to remind you that this societal project is really working on two feet, on two legs, which is on the one hand the development of the green finance, be it for our customers or for ourselves; and the second leg is clearly the social inclusion. And we have been working in 2019 on both those legs in order to really give a growing reality to this “raison d’être”.

**Consolidation through International Partnerships**

A last point I wanted to address before going deeper into the results themselves and the performances of the business lines, which is that we have been continuing to develop alongside this idea of participating, taking part in the European consolidation through our different specialised business lines. Again, if we look back to what we have been achieving in 2019 from this viewpoint, it is quite an impressive year where we managed to conclude and to finalise some major partnerships in almost all our business lines. It has been the case for the asset-serving activities with the merger of CACEIS with Santander Securities Services in
Spain and with the acquisition of Kas Bank in the Netherlands. It has been the case with Crédit Agricole Assurances, which finalised the partnership to develop a P&C insurance products in Spain and Portugal with ABANCA. It has been the case for the consumer business and the car financing business, where we renewed some major partnerships with Banco BPM and FCA, but we also concluded a new one with Bankia, again in Spain. It has been the case with Amundi in the asset-management activities, both with the acquisition of Sabadell Asset Management, plus, of course, the conclusion of a distribution agreement on a ten-year period. And the launching of a joint venture with Bank of China in China to develop a second joint venture of asset management in this country.

So, our conviction has not changed. It is through this type of development that we are going to participate in the European consolidation.

**Crédit Agricole S.A.**

**Results**

Let me go now a little bit more in-depth into the financial figures. As I have mentioned, we are posting positive figures, both on the stated and on an underlying basis. Just this slide explains what is the difference between those two figures, two sets of figures. Clearly, two very significant items that took place in the fourth quarter of this year. It is the positive impact of the final and last decision of the French jurisdictions on the tax dispute we had with the state on the settlement of the “Emporiki file”, and this is leading to the booking of a net tax profit of a little bit more than €1 billion in the last quarter. And the second element, which is a negative one, is the partial goodwill impairment that we did on the goodwill that we have on LCL. The other elements are much more recurrent and much smaller, but they are listed on this page.

**Net income**

If we go now to the analysis of the way the net profit has been built this quarter and globally in 2019, I think that we have here another element of real satisfaction, which is to assess and to acknowledge that this improvement of the net profit of Crédit Agricole S.A. is the combination of a significant improvement of all the business lines that we have within CASA. It has been clearly the case on the full year, as you can see. And on the last quarter, clearly, the business lines improved quite significantly, thanks especially to the asset gathering and large customers division, in which of course we had the opportunity to take advantage of a more favourable context. But globally on the full year what you can see is that all business lines increased their contributions to the net profit of the Group.

**Revenues**

In terms of revenues, we are going to see more or less the same situation. What you can see is that we have had an acceleration of the revenue growth in the fourth quarter, but for the full year, the revenue growth is posting a quite impressive, close to 3.5% increase. And it has been shared again by all business lines with the exception of the specialised financial services division; I will go back on this in a minute. But we have seen that for the asset-gathering division and for the large customers division, the revenue growth has been quite impressive across the quarter and across the full year. And for the retail banking activities in France and abroad, we are seeing a steady, positive evolution of the top line.
Within the specialised financial services division, I already mentioned in this call that part of the business and a growing part of the business is not made under the form of a consolidated entity but under the form of equity-accounted entities. It is the case for the car financing businesses that we have, both in China and in Europe, and this is the reason why part of the development of the business does not translate into an increase in the NBI.

**Expenses**

When it comes to the cost base, what you can see is that first the evolution of the cost base is much slower than the evolution of the top line, both for the quarter and for the full year; and second, that there is a differentiation across the different business lines. When you see what happened during the full year, you can see that both for the retail banking activities and specialised financial services division, we have seen a slight decrease in the overall cost line, which illustrates perfectly actually what we have said when we published the medium-term plan, i.e. that each business line has a dedicated target in terms of cost-to-income ratio. Then, for the asset-gathering and large customers division, the increase has been quite moderated actually compared to the very sharp increase that we have had in the top line.

**Cost of credit risk**

Let’s go now to the cost of risk. What I would say is that in 2019 we have simply seen actually a cost-of-risk situation that returned to a more normal state within CACIB. This is the only reason why we have seen at CASA level, and even slightly at Group level an increase in the overall global cost of risk. But if you see on the dotted line the quarterly evolution in the cost of risk, what you can see is that we have had in 2018 an abnormal situation in which the very low cost of risk globally at CASA was driven by provision write-backs at CACIB. And once we have been back in the more normal situation, starting in Q2 2019 within CACIB, then we have reached a more normal average level, which continues to be very low, within CASA globally and even within the Group.

Maybe the other two elements we can stress on this page is that in this context we continue to have a very good asset quality, with NPL ratio which continues to be low – around 3.2% at CASA and even 2.5% at Group level – and that the coverage ratios continue to be high, around 70% for CASA and a little bit more than 80% for the Group globally. You know that the Regional Banks traditionally have a coverage ratio which is close to 100%. This is clearly pushing up the average coverage ratio for the Group.

When we come to a more divisional level in terms of analysing the cost of risk, you can see exactly what I was mentioning earlier. It remains at a low level for the consumer credit activities and for LCL in France – far lower actually than the hypothesis that we have made for the medium-term plan. It is a little bit up but still to a very low level at CACIB – 12 basis points in average on the last four rolling quarters – and within Crédit Agricole Italia, it continues to decline, and it is going to get soon to the 50 basis point level that we had set as a normal level for these activities.

**Activity and results: asset gathering and insurance**

Let me go now to the analysis of the different business divisions and their performances on the quarter and on the full year. Globally on the asset-gathering and insurance business division, the main message is that we have seen a very strong movement of inflows in this division – around €120 billion of net new assets for the full year. And the results of this
business division continue to grow regularly, plus 5% for the full year. Maybe just in addition to that, we can mention that we have seen a first step of improvement of the wealth management division this year.

**Activity and results: insurance**

If we dig a little bit more in-depth into the insurance activities, I think that what you can see on this page is two or three main points. The first one is that from an operational and activity viewpoint, we continue to see the same trends – quite a dynamic trend for the savings activities, so the life insurance business. But also the continuation of very good dynamics on protection and P&C insurance activities, where the premium income continues to grow by 8% to 9% on a full-year basis, which, considering the fact that we are operating in mature markets where the growth is closer to 2% or 3%, which means that we continue to gain market shares.

As far as the life insurance business is concerned, we continue to adapt the business model to the rate environment. And what you can see is that we have been improving the proportion of unit-linked products within the total portfolio. It is now close to 23%. It was 21% by the end of last year. And then maybe the last point is that the solvency of Crédit Agricole Assurances stands at a very high level – 263% of solvency ratio. This obviously includes the latest regulatory changes that took place in France. But even without the positive effect of this new regulation, we would have been at 188%, which is perfectly in line with the target that we had set, which was to be between 160% and 200%. Again, the contribution of this business division to the net profit of CASA continues to improve.

**Activity and results: asset management – Amundi**

Amundi has published its results a few days ago, so I think you know them by heart. What we can say is that the assets under management have reached again a new historical high – €1.65 trillion of assets under management. The top line is growing on a very solid 5% basis for the full year, and the contribution of this business division to the results of CASA is up more than 8% on a full-year basis. So, it has been a very, very dynamic year and very dynamic last quarter for Amundi, in addition to the conclusion of the two new partnerships I already told about.

**Activity and results: French retail banking - LCL**

Let me go now to the French retail banking activities with LCL. I think that to put it in a nutshell, we have had a very good year, with a high level of activity, both on the credits side, on the savings side, on the equipment of our customers. Plus a significant increase of the customer bases, which improved by more than 50,000 new customers net in 2019, which is perfectly in line with the target of increasing this customer base by 150,000 for the duration of the whole medium-term plan.

In the real estate and mortgage loan business, we have seen again in the fourth quarter a rather high level of credit renegotiation – more or less the same level as in Q3 but far lower than the one we had in 2016 or 2017. It is roughly around €1 billion euros of outstandings that have been renegotiated on the quarter, and at the peak of the renegotiation wave we have reached more than €5 billion euros of renegotiation on a single quarter.
In this context, revenues are 1.5% up for the full year. Cost base has been declining further a little bit – minus 1%. Cost of risk remains quite low. And in this context the contribution of LCL to the net profit of CASA improved by close to 6%.

**Activity and results: international retail banking – Italy**

Retail banking in Italy with Crédit Agricole Italia: what we can say is that the integration of the three Fellini banks, as we name them, is now completed. They are fully integrated in all our setup and actually, we are now working on a regular basis with this new perimeter. The Italian market continues to be subdued, I would say, but in this context, Crédit Agricole Italia is clearly outperforming its peers and its markets and we can see that, for example, in terms of loans outstanding or also in terms of wealth management savings inflows, the performances were very satisfactory.

On a full-year basis, the revenues are more or less stable, the cost base is slightly down and the cost of risk, as I already said, has been down. So, all in all, this is also an improvement of the contribution of Crédit Agricole Italia to the net profit of the group.

**Activity and results: Crédit Agricole in Italy – a strong group presence**

Globally in Italy, things are going well for us, because if I add up all the activities that we have in Italy, in the global set-up that we have put progressively in place, we are now making close to €650 million of net profit on a full-year basis. It is up 12% on the figures that we have posted for 2018 and it is very balanced in our different activities. In addition to that, the asset quality of the portfolios that we have in Italy continues to be far better than the average of the market.

**Activity and results: international retail banking excluding Italy**

Going to the rest of the international retail banking activities, I think we can go quite quickly on this page because the messages are very simple. We continue to operate in a very secure manner and we continue to see the bottom line growing, with a net profit which is up more than 11% on a full-year basis with, in addition to that, of course, a positive contribution to the profitability of CASA considering the high return on equity that we have on these businesses.

**Activity and results: specialised financial services**

In the specialised financial services division, as I said, within CACF we have to assess these activities by taking into consideration the different elements of the business model. CACF is clearly developing three categories of activity: direct lending; servicing of consumer credit loans for the retail banks of the Group; and car financing in joint ventures. Clearly, this is the direct lending part, which is a little bit under pressure from a revenue viewpoint, even though the level of activity, the volume of activity, has been quite steady.

In this context, CACF managed to offset the effect of this pressure on the NBI line by a very good control of its costs plus, thanks to the increase in the contribution of the equity-accounted entities, to post by the end of the year a slight improvement of its global contribution to the profit of Crédit Agricole S.A.

When it comes to leasing and factoring, it has been all in all a very good year, with a level of activity that started to increase significantly in the beginning of the year and the second half
of the year clearly benefited from the good business that was onboarded in the first half. All in all, the net profit of CALF on a full-year basis increased by 2.5%.

**Activity and results: large customers**

Let’s finish with the large customers division. For CACEIS, clearly, 2019 has been a very solid year of development, with first the conclusion and the completion of the two very structuring partnerships I already mentioned – the one with Santander and the second one with Kas Bank. But in addition to that, CACEIS continued to gain significant contracts with some major institutional investors in France and in Europe, and so, all in all, the assets under administration of CACEIS increased on a full-year basis by close to 50%, which is absolutely massive. So, clearly, this strategy of development generated some additional costs in 2019 that we are going to work on, starting in 2020.

**Activity and results: corporate and investment banking**

The CIB activities performed well during the full year in 2019 actually. And what you can see on the left-hand side bar chart of this slide is that we have had a high level of revenues in all quarters, which is a little bit an abnormal situation because usually in the CIB activities, especially in the capital market activities, we have ups and downs across the year and generally if we have a low quarter, it is followed by a higher one. So, the characteristic of 2019 was that globally, all quarters have seen a quite steady level of activity. All in all, the top line of CACIB improved by 6.5% on a full-year basis.

At the same time, the cost line, which was partially impacted by some tax levy and other elements, especially in the fourth quarter, increased by only 3%, which means that the gross operating income improved by more than 11%. So in this context, the absorption of a more normal level of cost of risk – around €150 million of net cost of risk for the full year when it was a net write-back for the full-year 2018 – so the absorption of this normalisation in the cost of risk was made possible thanks to the high level of gross operating income. And this is leading to a net income Group share of CACIB which is growing by more than 8% on a full-year basis.

**Activity and results: corporate centre**

On the corporate centre, nothing much to say. We are in, I would say, normal situation, where the very positive one-off that we had in the beginning of 2018 did not repeat this year. But nevertheless, the underlying components of the corporate centre, i.e. the cost of the management of the balance sheet and Crédit Agricole S.A. Holdings, continues to reduce progressively.

**Crédit Agricole Group**

**Activity and results: Regional Banks**

A quick look at the performances of the Regional Banks of Crédit Agricole: we will see more or less the same trends as the one we have mentioned for LCL. I.e. a very good development of the business, of the activities; a strong development of the customer base; a gross customer capture which was significantly in excess of €1 million new customers for this year; and a growth of the customer base of 264,000 new customers; development of the equipment rate of this customer base, which continues to improve regularly; a high level of revenues, thanks both to the portfolio revenues plus also a good development of the fees and commissions; a very sharp decrease in the cost of risk, which was already low and continues to be very, very
low within the Regional Banks; and all in all an increase in the contribution of the Regional Banks to the net profit of the Group globally.

**Financial Solidity**

*Financial strength*

Let me go now to the solvency of the Group. I already mentioned the fact that at CASA, the CET1 ratio improved significantly during the last quarter, by 40 basis points, from 11.7% to 12.1%. And actually on the full-year basis it is 60 basis points of increase; we were at 11.5% at the beginning of this year and we end the year with 12.1%. It is due in particular to the fact that we have been quite disciplined in the management of our RWAs. And you can see that indeed, in the last quarter of the year the evolution of the RWAs was negative – minus around €6 billion – and on a full-year basis, the increase is limited to around €15 billion or €17 billion euros.

So, this situation is clearly making it possible for us to materialise a first and significant step of our commitment to dismantle partially the switch mechanism during the course of this medium-term plan. As you know, we have already announced a first dismantling of 35% of the switch mechanism, starting on 1st of March this year, so it means that after 1st of March, the level of RWAs at CASA is going to be increased by around €10 billion euros. This is a cost of around 40 basis points of solvency. And in compensation, I would say, the net profitability of CASA, all things being equal, is going to be improved for 2020 by around €58 million euros.

At Group level, we continue to build up the level of solvency, and actually, this level now stands at 15.9%. It is an improvement of 40 basis points on the quarter, and an improvement of 90 basis points on the full year; we were at 15% at the beginning of 2019. Again, this is the combination of a good level of profit and a combination of a very scarce evolution of the RWAs also at Group level. As you know, the switch dismantling that we have launched is not going to have any effect at Group level globally.

On our market funding plan, nothing much to say. The market funding plan was completed under quite attractive conditions in 2019.

And same thing for the liquidity situation of the Group, where clearly we are in a very smooth position.

**Conclusion**

As a conclusion, I think that we can only reiterate the same messages. We have posted a high level of profit. We are implementing steadily our medium-term plan. We continue to strengthen our solvency and the high level of profitability that we are posting – 11.9% of return on tangible equity at CASA – is leading to an improvement of the level of dividends that we intend to propose to the general assembly meeting.

Thank you and I think that now with Philippe we are ready to take your questions.

**Q&A**

**Philippe Brassac:** Thank you, Jérôme. Perhaps to organise the questions, we can start by the questions from the room, if you want, with a microphone, so that everybody can hear you.
Omar (Barclays): A few questions from my side. So, firstly, what is the outlook for French retail revenues for 2020? I know you quote that NII is up 7%, but in Q4 2018 there was €28 million of securities sales, so actually NII is down a couple of percentage points. So, it seems like the exit into 2020 is maybe a bit softer than anticipated.

The second question would just be on capital. What are your expectations for Article 104 and the impact at CASA? I am assuming it applies at CASA level. I do not see why not. So, maybe if we think about the building blocks, you add 11.7% CET1 after the partial payment of the switch, Article 104 basically offsets Basel IV guidance, and so you are in a position of excess capital. Should we assume that the first port of call is to unwind more switch or could you, like many of your peers, think of buybacks and what not?

Then the last question is just on Credit Agricole consumer credit. So, Sofinco seems to have a lot of margin pressure - almost more than French retail – and this quarter there has been a slowdown in the partnerships. And I think you said in the past that you would be getting some funding benefits, which do not seem to have come through. So, what is the outlook there as well?

Philippe Brassac: Sure. First of all, I will give the first part of answer to your first question, then Jérôme will go on this question, because you are asking us something about what you call the French retail revenues for 2020 and so on. Let me just tell you that this is very difficult to answer to this question, because our model is a global and lasting relationship with our customers.

Just an example: when some of our customers in Regional Banks subscribe consumer finance projects, it can create and it creates P&C contracts within Crédit Agricole Insurance. That means that the most important point for us is to be able in our domestic market to master and to coordinate all the different business lines around all our customers, to bring all the diversity of a global bank to each customer. So, the only revenues of retail banking is something important, but it is not core of what produces the global performance of Crédit Agricole S.A.

This is a very important point because from time to time, there are some rationales about the fact that this is for Regional Banks, so this is not for Crédit Agricole S.A. That is wrong. Everything that is done in retail banking, including something that is not in the P&L of retail banks can be in the P&L of Crédit Agricole S.A. This is exactly what we came to explain about the global model and the model of the relationship. But to be probably more precise, Jérôme.

Jérôme Grivet: In terms of global revenues for the French retail banking activities, it is quite difficult to predict precisely what is going to be the level of the credit demand and how the rates are going to evolve.

Just a few elements: first, the credit demand continues to be dynamic for the households and for the professionals. It has been a little bit weaker at the end of 2019 for the SMEs and corporates. But for the households, especially in home loans, and for the professionals, it continues to be dynamic.

The second element – and it is important when it comes to retail banking activities and to home loans – is that it seems, since now few months, that the rates for new loans are
stabilising on the French market, which is going to clearly have an effect on our capacity to generate revenues.

The third point is that we hope we will continue to develop the customer base, as we have done in 2019.

So, considering all these elements, I think that we are going to stick to the same type of outlook, the one that we had for 2019, which is that we expect the revenue base to at least stabilise as compared to the level we have reached now. So, it is going to be the most precise outlook I can give you to answer your question.

Philippe Brassac: On capital and on Basel IV?

Jérôme Grivet: On capital – yes. Well, I think that what we are in a situation where actually we are seeing many moving pieces on the capital issue. We still wait for the draft proposal of a transposition of the Basel IV ‘package.’ And you know that in that type of regulation, the devil is in the details. So, we very much like to see the draft proposals themselves in order to better finetune our assessment of the impact.

Then, there is this Article 104a that has been put on the front line by some of our competitors. It is an article that is going to apply only starting in 2021, so it is not for now, but it is also one of the moving pieces of the puzzle. So, we are going to wait until we have seen those moving pieces to stabilise a little bit before providing any additional guidance. But just keep in mind that we are unwinding 35% of the switch mechanism. We still have another 15% to go before having completed the commitment for the present medium-term plan, so we still have another layer of switch to dismantle before having reached the target.

Philippe Brassac: If I can complete, I think it is always for me a surprising when we have questions about potential excess of capital at this level. Of course, you are right, we have a good buffer compared to our target, but I would like to stress the fact that probably in your mind, you under-weight the fact that first of all, we have to develop to get an organic growth. And thanks to our efficiency when we develop, we provide a return on tangible equity of 11.9%. I do stress this point. That means that we need to have a buffer for new weighted assets, for new development, for this kind of profitable development. This is not a static management. We need to develop our global policy. It works. It is profitable, so much to the better if there is no consumable.

We have choices, of course. If, one day, the development could stop – and I think it will not happen – we could have questions about what we have to do, between switch or between other things. But first of all, we are developing, we are really developing in this large playing field I have explained to you in the introduction, and this works. Development is not something that we explained beside financial performances. Development is of course at the basis of all the performance and it is really a chance for Crédit Agricole to be in this kind of situation that we can go on developing at this level of profitability. I am sorry to repeat that but it is a pleasure for me to repeat that, 11.9% as one of the best benchmarks, at least for French banks.

So, so much the better if we have a buffer for development in our capital. For consumer finance?
**Jérôme Grivet:** Well, for the consumer finance, I think that it is more or less the same answer as the one you made on retail, actually. CACF is here to provide of course additional revenues and profit to Crédit Agricole S.A., but it is also the consumer credit and car financing arm of the group. And so, when the development of CACF and the consumer finance business of the group is a little bit more dynamic on the assets that are sitting within the balance sheets of the retail banks of the Group, it is also good for us. It happens that roughly CACF manages three loan books which are more or less the same size – around €90 billion euros globally, one-third directly consolidated; one-third, which is a small third, in the car financing joint ventures; and one third in the balance sheet of the banks of the Group.

And so, it happens that, depending on how the market is evolving, either the direct lending or the lending by the retail banks or sometimes it can be in competition with the car financing business. Because sometimes when a customer wants to buy a car, he has the choice between choosing the specialised car financing lender that is proposed by the car maker or simply the choice of going to his bank and borrowing money at his bank.

So, we have the offer and then we are trying to monitor the three aspects. And of course, if the direct revenues at CACF are a little bit lower, what we expect from CACF is to continue to adapt its cost structure, which is what they did actually in 2019.

**Omar:** Sorry, just a very quick follow-up. Could you just give us a sense of how much of the revenues in insurance this quarter were driven by financial markets and therefore the recognition of the investment margin? Because you do highlight it as a factor this quarter.

**Jérôme Grivet:** I am not sure I fully got your question.

**Omar:** How much of the revenue performance in insurance was driven by the recognition of investment margin? Because obviously we do not get the Crédit Agricole Assurances reports until a bit later.

**Jérôme Grivet:** Every quarter, Crédit Agricole Assurances is trying to I would say exteriorate and book a certain level of financial revenues, either through the fixed income revenues from the bond book that it has, which represents roughly 80% of its assets, or plus the rents that are paid on its real estate portfolio. Or it has the choice to boost this level of revenues by the materialisation of some capital gains on its equities portfolio.

So, in this quarter, I do not have a precise figure but we have not been exteriorating a large amount of capital gains on the equities portfolio. And as you know, the fact that capital markets and equities markets were significantly up does not directly translate into our P&L. It is just booked in unrecognised capital gains and clearly, the unrealised capital gains significantly improved by the end of the year, thanks to the good evolution of the equities market. But we did not really recognise a significant and abnormal level of capital gains in this quarter.

**Kurvit Rajah (HSBC):** So, sticking with insurance on slide 20, when I look at the mix of the inflows, there has been a dramatic mix shift away from the euro product, and I know that is part of your pivot towards the unit linked. But at what point do you think you risk losing customers? So presumably, in the fourth quarter, the market as a whole did not have zero euro inflows. That pivot towards unit linked, are you giving up customers?
Then switching to Poland, it is a market where you have been active but arguably sub-scale, and when you look at the recent asset that has come up for sale, you are up against local bidders who have the backing of the Polish government. How do you see the situation there? Is it something where you want to keep the optionality on Poland because other assets may come up for sale? And at what point do you think you maybe need to exit Poland because you did have a sub-scale platform there? Thank you.

Jérôme Grivet: Okay. Let me start with this question of inflow in the insurance business. Actually, we have different levels at which we can assess the inflows in the insurance activity. Either we look at the gross inflows, which is simply to assess the amount of inflows that we see coming into the insurance policies. Generally, what we provide as an information here is the net inflows, which is the difference between the gross and the redemptions that we face regularly.

And what happened in the fourth quarter of 2019, which, by the way, happened several times in the past, is that on the euro part, all the gross inflows were offset by redemptions, simply because there is a regular flow of redemptions – some customers either wanting to change their asset allocation or simply because they die and the heirs are choosing another type of investment support or whatever. And so we have a regular flow of redemption. This flow of redemption is massively concentrated on euro, simply because this is where the oldest policyholders have the most of their money.

And then we assess what is happening on the unit-linked part. And typically, on the unit-linked part, there is very outflows. Why that? Because generally when a customer wants to take money from his insurance policy, either he chooses the euro part of the policy or he sells the UL, which then is transferred to the euro part and then is taken out of the policy.

So, it is not really necessarily straightforward to read. But this indicator is consistent across time. So, it is giving an idea of where the customers are channelling their inflows. But what is most important for us is really the evolution of the proportion of the outstandings, which are in UL, as compared as the ones that are in euro.

And clearly, here the trend is that the proportion of UL products is growing. And it has not been the case only in 2019. Actually, when I look back, I was in charge of the insurance activities between 2010 and 2015. In 2010, I think we were around 12% of UL products in the portfolio. It is growing slowly because the portfolio is very, very wide, and because the movements of the customers are not very rapid. But it is growing definitely.

Clearly, to fully answer your question, the first element of politics that we have here is that we want to satisfy our customers. So, clearly, we are not going to lose customers because of our will to have higher level of UL. The customer decides. Our responsibility is simply to price correctly the euro and the UL.

Philippe Brassac: About Poland, I should try to answer your question. You know probably that we decided not to bid for a bank that has been to be sold in Poland from Commerzbank. Probably you know that mBank is a good bank that could be bought by, including Crédit Agricole. But we decided not to bid because of the size and because of the goodwill it could create.
The amounts were not comfortable for us. So, the decision, of course, is to go on with our organic growth in Poland. And you asked the question of the scale and the size of Crédit Agricole Bank Polska because we are a small bank in Poland. And you asked the question, is it more reasonable to contemplate to exit from Poland?

I do not think so at all. First of all, because the scale must be appreciated in the whole Group. Of course, Crédit Agricole Bank Polska is a small bank, but included in a very big group, that is Crédit Agricole Group.

Crédit Agricole Bank Polska is absolutely supported by all the business lines of the Group; for the asset management, for the insurance, especially for leasing and factoring since you know that we have a legal entity in Poland that is called the EFL. And that means that you have to appreciate our bank as a small part of Crédit Agricole, but really supported by all the Group.

And so the question of the size is not really a concern for us. The real concern is the speed, the pace. This is why we contemplated to look at this opportunity with mBank even if we have decided not to bid. And I checked that our speed was comfortable enough for us. And I can tell you that this is very pleasant because we see that what we decided about seven years ago or eight years ago, it was in 2012 or 2013, I think, to transform the ex-Lukas Bank, that was consumer finance specialised bank, towards a universal bank, including all the different expertise we need as a universal bank, including CIB activities that are included in Bank Polska.

This really works. We do accelerate. We are gaining market shares. And so, of course, this is small, but we are on the very long-term. So, really, this is not a concern for us to stay in this kind of organisation. And this is absolutely not a concern to have to exit from Poland. And so the only decision was not to bid for mBank, but to continue supporting our development.

And I do tell you, and we can give you main figures about that, that this strategy does work even if it will be much longer than the strategy of acquisition. But really, time or the long term is not a concern for Crédit Agricole Group.

Jérôme Grivet: Just as an illustration of what Philippe just said, and we have put the elements on this slide. The gross operating income in our retail banking activities in Poland this quarter improved by 39% as compared to Q4 2018. And the net income is up 69%. So the figures, the numbers are still small. But actually, it is working well.

Gregoire De Salins (Morgan Stanley): Just coming back on insurance. Your Solvency II ratio was at 263% following the decision taken by the French parliament to give ensure the possibility to include the PPE into the owned funds. What does that mean concretely for you? Does that affect the way you are managing this ratio going forward? Does that give you some flexibility to adjust your asset allocation? And why not upstreaming also the capital to the holding company because insurers were very much in favour of the decision. So, I think there are some practical consequences, and not only retaining a ratio at this strong level to face the lower for longer rate environment.

Jérôme Grivet: It is a very good question actually. It is true that this simple decision, which by the way was not taken by the parliament, but by the government itself. It is only a regulatory decision, but never mind. This decision has huge effects because as you can see,
for us, it's a 75 percentage points' increase in the solvency ratio of our insurance activities. So, it is massive.

We must work a little bit in better understanding how the ratios are going to evolve going forward. Because you know that contrary to what happens in the banking activities, in the insurance activities, the solvency ratio can grow very quickly up and down because at the same time, the numerator and the denominator can move in the same direction. So, having a combined effect, which can be huge. So, we must work a little bit more in order to try to modelise a little bit how the solvency can evolve.

But clearly, our idea is that it would not even be fair to the decision of the government, just to say, "Well, thank you for this decision." This is simply enabling us to raise our solvency target from, let's say, 160%, 200% to 250%, 300% would not make sense. So clearly we have to work a little bit in order to better understand how this inclusion of the PPE, not directly into the solvency, but into the models that allows to calculate the solvency is going to play.

And probably one of the possible consequences would be to help us modify a little bit in a direction with being a little bit more dynamic. It is to secure a little bit the asset allocation that we have. Of course, we have to integrate also a good market timing to do so. But it would certainly allow us to increase a little bit, for example, the equity component of our asset allocation.

Martina Matouskova (Jefferies): Can I just follow up on the morning comment that you are interested in acquisitions in asset management? I am just thinking normally the message is that assets are quite expensive now and there is not many opportunities. So, I just wondering where you see a kind of potential, maybe which markets and maybe the form. Do we see a straight acquisition, or there is more probably partnerships ahead of us?

Philippe Brassac: About acquisitions, to be global in terms of policy, I do repeat our global policy about Crédit Agricole Group and Crédit Agricole S.A. Our priority is organic growth, and I do repeat that organic growth does not mean that we are not optimistic in terms of developments.

Simply, we have to increase on the long-term on our different markets and beating all our competitors. And we do look at acquisitions if there are opportunities and at the condition that we could be "better than the target". This is how we succeeded, for example, through Amundi to acquire Pioneer because Amundi, the criteria, the main figures of Amundi were among the best in terms of competition. And so when you are among the best, you cannot cry.

So, we do look at this kind of situation, just like we did in Italy, with small saving banks because there were really opportunities with badwill in terms of acquisitions. And more than this, without breaking our models. I mean, we want a long-term development with this kind of special organisation we call customer-focused universal banking, linking all the different business lines. And if you acquire something too different, of course, you can break your organisation and your development.

So, once again, we are very optimistic as regards our potential development. This is absolutely the priority. Simply, when we look at some potential acquisitions and we
systematically look at that, if it is on one of our territory or one of our business line, we look at that. We look at the criteria I have just explained. And we do think that in the current environment, it is really difficult to contemplate, to invest with goodwills.

I think this is not so easy. This is the first point. And probably for the global retail banking, models are shifting today. So it is better for you to go on investing on the moving of your models than acquiring the ancient models of competitors just selling their model. So, I answered yesterday that it is very strange probably for you, but we do not have strategy of acquisition. We just look at opportunities, of course, when they are there, and there are not so many opportunities.

And I do believe that the way for time being is about consolidation through business lines with partnerships or different kind of cooperation. Because all the business today is looking from a higher level of efficiency, thanks to this kind of operation. Because when you look at cooperation, it is short. It is easy. Synergies are quick to be raised, and you protect the brand. You do not have to change your brand. It is very important on a commercial point of view. When the partners are coming with us on platform, they do not change their brand. For customers, nothing has changed.

So, this kind of provisions are more and more frequent and simply explain that really the place of Crédit Agricole is very, very positive because we have all the business lines. They are all very big and they are all open to cooperation because they are all legal entities used to serve many banks.

So, sorry to answer to you on this point on a global point of view, but this is very important. We have the main strategy with a customer project, a societal project and a human project. There is no strategy about acquisition because the size of Crédit Agricole is not a concern. We are the tenth largest bank in the world. The size is not a strategic question by itself.

**Lorraine Quoirez (UBS):** Just a few questions from me. The first one, and I am sorry if I missed this. But have you disclosed the P&L contribution of the partnership with Santander on the revenue line for CACEIS next year?

Second thing is on financing revenues. They were a little bit disappointing compared to consensus expectations in Q3 and in Q4. I was wondering whether you could give a little bit of colour in particular with regards to the pipeline and perhaps the margin pressure as well.

And finally, if you could provide us with a guidance for the tax rate for 2020 as well as for the corporate center?

**Jérôme Grivet:** Thank you, Lorraine. On your first question, no, we have not provided any forecast in terms of P&L for the new company, which is the result of the combination between CACEIS and Santander Securities Services. You know that it is a single entity now. It has been merged end of last year, and it is working as a single entity. We and CACEIS teams are going to work on this P&L progressively, and work on the improvement of the P&L in order to try and generate as many synergies, costs and revenue synergies as possible going forward. But we have not provided any P&L guidance on this issue.

In the financing revenues of the CIB between Q3 and Q4, you know that in the financing activities, there are two characteristics that design a little bit our CIB. And it is the case for the financing activities.
The first one is that we have a habit of distributing a significant part of the assets that we generate because we think that we have a significant value-added in the capacity of structuring and then originating some assets in order to finance our customers. But then we want to distribute a significant part of these assets in order to make it possible for our teams to repeat regularly new originations.

It means that the bulk of the revenues which is made of the running revenues coming from the portfolio of assets is not that big, which means that, on the other hand, a significant part of the revenues is made of the fees that we take on each transaction even in the financing business. It means that we are depending on the number and the size of the big transactions that we are able to organise on a dedicated quarter.

So regularly, the teams are working on big transactions. They can materialise or not depending on the cases. Our teams can be chosen or not, again, depending on the cases. So, I am not able to give you any guidance. But clearly, there is a certain seasonality or certain volatility, potential volatility in terms of revenues from one quarter to another one because of these two characteristics. And we are going to continue to operate this way.

And on the tax issue, you know that the level of the corporate tax rate is always something which is difficult to precisely forecast because we have a part of our profits that are made abroad in different tax jurisdictions with different tax levels. We have also some deferred tax assets which can be valued differently, depending on the evolution of future tax rates, which again may change regularly. It has been the case in France.

We have also some tax elements that come from the process of tax integration of the whole Crédit Agricole Group in France and Crédit Agricole S.A. is the summit part of the integration group in France. We have also regularly some tax disputes, which needs either some additional tax costs or end up with a positive result for us, which then makes it possible for us to write back tax provision.

So, it is a permanent movement and the last quarter of the year is the year where we fine tune and finalise the overall tax level for the year. But if you assess globally, the tax level, the tax ratio that we had in 2019, as compared to 2018, what you can see that if I exclude, obviously, the Emporiki dispute which is too big to be taken into consideration, the rest of the tax elements represent a hit on our profit before tax, which was last year around the 23-something percent. I am just taking a look at the precise figure. It was last year precisely 23.8% and it is this year 24.4%. So, by the end of the year, the variation has been quite smooth between those two years, around 60 basis points.

Delphine Lee (JP Morgan): Yes, thank you for taking my questions. I just wanted to come back first on capital. Well, actually, there is one on Danish compromise. Would you mind just clarifying a little bit your guidance around Basel IV which I understand includes the benefit of the lower risk weightings? Is it possible to get the actual impact growth of that for Basel IV, and then the benefit you are calculating for the Danish compromise, the lower risk weighting? I am just wondering also because there must be some interaction with Switch 2 as well.

And also related to capital, if you get the benefit the 70 basis points benefit or so from article 104, do I understand you would still be happy to run at 11% at this point? And if you have
excess capital, then you would prefer to invest in the existing businesses or Switch 2 as opposed to additional pay-outs?

And, just on your French retail guidance again for this year of sort of flattish, what is your expectations for fees and commissions? Is it possible to get a bit of colour on fees and commissions versus net interest income? Thank you very much.

**Jérôme Grivet:** Well, many questions on capital. Danish compromise. You know that every year we publish what is called the pillar 3 elements, so we are going to publish for the end of 2019 some additional elements in which we are going to provide you figures on what is equity accounted in the parameter of the insurance activities. We do not ask ourselves the question of the 'benefit' of the Danish compromise, because first, we consider the Danish compromise is a permanent component of the solvency requirements that we have to meet. So, the question of what would be our solvency without the Danish compromise is not a relevant one for us.

And the second element is that even though we were looking or trying to look at what would be our solvency without the Danish compromise, we would need to know by which type of regulation it would be replaced and what type of reaction we will have in order to accommodate this new regulation. And for example, without that type of capital treatment, would we continue to monitor our insurance activities in a scope of solvency which is between 160% and 200%?

So, definitely this question is not for us a relevant one, excuse me, Delphine, to say that like this. But clearly with the pillar 3 publication that are going to be issued I think pretty soon now, you are going to be to have the additional figures that you were asking.

Guidance on Basel IV, clearly when we said that Basel IV Season One was going to cost us 60 bps of solvency at CASA level, we had in mind that one of the positive elements of this new regulation is going to be the fact that equity holdings are going to be risk weighted no longer at 370% but at 250%. And we gave this guidance outside the effect of any movement on the on the Switch mechanism.

Article 104A. As I said, on this capital issue, we have some moving pieces. And clearly, we do not want to give too precise answers before we see those moving pieces stabilise. But it is clear that as we read article 104A, it is the capacity for a bank to cover part of its pillar 2 requirements with other capital instruments than only CET1.

Clearly, if there is a possibility for us to cover our regulatory requirements with the same level of security that is provided to our different capital and debt holders than now, in terms of, for example, protecting their distribution rights, I do not see why we would not use that type of capacity.

Last point on French retail, it is clear that the guidance, which is not really a guidance, but the idea of the outlook that I provided earlier, includes not only what we think the net interest margin is going to be but also what we think the fees and commissions are going to be. And in the fees and commissions part, we have two trends which go in opposite directions. The first one is that we grow the customer base, and we increase the equipment rate of our customers. So, this is clearly good for the development of fees and commissions, but at the same time, we have some competition pressures, we have some regulation pressures that
may also push or constrain a little bit our pricing capacity. This evolution of the revenues is going to have to deal with both trends, and upward trends thanks to the development of the customer base and the equipment rates and possibly some additional pricing pressures.

**Delphine Lee:** Thank you very much.

**Flora Benhakoun (Deutsche Bank):** Thank you and good afternoon. I have just two questions remaining really. The first was to discuss a little bit about the trend you are seeing in the financing revenues. We have seen for some of your peers a nice uptick this quarter. So, I was wondering whether you could shed some more light on the trend you saw in Q4 and how you think that you can grow the financing revenues or –

**Jérôme Grivet:** The financing?

**Flora Benhakoun:** Yes

**Jérôme Grivet:** The trend in which activity?

**Flora Benhakoun:** Generally, commercial banking and structured finance.

The second question is regarding the provisions. When I look at slide 17, it looked like we have reached the trough, and now we are back towards an uptick. Just wanted to understand at what pace you think we are going to go towards the target you set for 2022. Thank you.

**Jérôme Grivet:** Okay. So, in the financing activities, we see no massive evolution of the trend, but we are not in a position to give any precise guidance again, because in our activities, we depend very much on the customer behaviour and on the capacity of our teams to gain the operations that they are contemplating. So, it is difficult to give any guidance, but we see no significant inflection as compared to what happened in the end of last year.

When it comes to the provision, it is absolutely true that 2018 has been a very specific year because a year in which the business which is generally the highest or the heaviest in terms of loan loss provision, simply because of its size, which is the CIB, you have provisions write-backs, it can be nothing but a trough and nothing but an abnormal situation.

We are back in a more normal situation where we regularly have to book some loan-loss provisions, but clearly we see, in particular in the financing activities of the CIB, no sign of a trend of deterioration. What is happening is that regularly – and it has always happened – we have a file, we have a specific counterpart that is having some difficulties, and then we try to react as quickly and as swiftly as possible. And this is leading us to book some provisions. But we see no sign of deterioration. And actually what has happened is that we continue to have some reversal in the bucket one and bucket two provisions, which is exactly the sign of a good quality of our loan book and a good visibility on the short-term horizon.

**Matthew Clark (Mediobanca):** Good afternoon. Three questions for me. Firstly, the CIB workshop. In December, you flagged about €21 billion of risk-weighted asset headwinds over the course of the plan from regulatory changes and model changes. I was just wondering if you could give us some guidance of how much we should expect of that to come through in 2020.

Second question is on this Intesa intergroup hybrid and subordinated capital issued by insurance units to banking parents, so just whether you have heard anything about potential risk weighting of those non-equity intergroup investments.
And then secondly, if you could just clarify a bit, it looks like you already distribute quite a lot of the hybrid and subordinated debt that is issued by your insurance, and it is externally. So, is there anything that would prevent you from distributing the rest of it if suddenly it received a less benign capital treatment?

And then final question is on the corporate centre. You mentioned the trend of an improving result from the balance sheet in the holding company, but the fourth quarter just looks to be a lot better rather than a bit better than the trend. That minus €148 million looks about €100 million better than it has been in the preceding quarters that you have disclosed. So, just if you could give a bit more detail about why was the fourth quarter so much better, and what we should think about as being the run rate for that contribution from the balance sheet and holding company going forward for the next year or so. Thank you.

Jérôme Grivet: We have mentioned that the CIB was going to face some regulatory headwinds, some of them belonging to the Basel IV regulation that we expect. So, this is going to take place in 2022 or even 2023 if we are a little bit realistic, considering the timetable that we have now in front of us. But part of it is going to come as soon as this year; actually, it is going to be especially the case for all the risk weighting, strengthening on securitisation operation. And I do not have the precise figure in mind where it is going to represent several billion euros of additional RWAs at beginning of this year which we are going to have to cover in our balance sheet this year. We will provide you with a more precise figure. But clearly, this is going to weight as soon as the beginning of this year.

Then there is this Intesa issue, or the issue raised through the communication of Intesa, which is the fact that seemingly Intesa is now risk-weighting its debt instruments that are issued by insurance company, and that are subscribed by the mother bank company.

We have not heard about this question; at least, we have heard because we have seen what Intesa published but we have not had any request from the ECB to proceed this way. But clearly, you are completely right. About half the subordinated debt that has been issued historically by our insurance company has been indeed issued in the market, and half of it has been issued to Crédit Agricole S.A. And it would not be a problem for us to accelerate the replacement of Crédit Agricole S.A. holding by external sale of this debt.

So, it is not really an issue for us. It would be an issue to risk-weight because it would be costly to risk-weight, and so to increase our RWAs, due to this new regulatory treatment if it was confirmed. But we have absolutely the way of alleviating that by issuing the debt in the market.

Last point from the corporate centre, it is true that the improvement in the fourth quarter of what we call the balance sheet and holding line has a little bit more improved than what you could have expected. It is clearly due to the fine-tuning of the level of corporate tax. We can provide you with the detailed elements of this component of the corporate centre. What you can see is that the top line which is the negative NBI line is continuing to reduce progressively; the cost line is also reducing progressively. And this quarter, what happened – and this explained the jump – was that the year-end fine-tuning of the tax rate has led to this additional improvement.
Matthew Clark: Right, thanks. Can I just follow up on the capital question? Thanks for the securitisation comment, but could you give us a figure for the TRIM component that should be coming in this year?

Jérôme Grivet: We will do that. But actually, I think that what is going to be important for us is clearly the securitisation. You know that TRIM in itself which applies especially on different capital market activities, which can be costly, and different capital market activities is not translating into high RWA additions to us because of the categories of capital market activities in which we are engaged. But clearly the securitisation is going to be significant. I think that the figure is around €5 billion euros of additional RWAs that we are going to book the end of the first quarter, actually, on those activities.

Matthew Clark: Great. Thank you very much.

Philippe Brassac: I understand that there is no more questions. So, thank you so much for being connected. Thank you so much for being with us today. Thank you so much and hope to see you soon.

[END OF TRANSCRIPT]