



WORKING EVERY DAY IN THE INTEREST  
OF OUR CUSTOMERS AND SOCIETY

PRESS CONFERENCE

# RESULTS FOR THE 1ST QUARTER OF 2020



# Philippe Brassac

Chief Executive Officer, Crédit Agricole S.A.

## Q1 2020 results

- ▶ **The macro scenario**
- ▶ **Limited impact of risk on results**
- ▶ **Widespread mobilisation for the Economy**

## Crédit Agricole is absorbing the impact of Covid-19 and taking action for the Economy

Crédit  
Agricole  
S.A



Crédit Agricole S.A. **GOI<sup>(1)</sup>** up **+7.9%** (Q1/Q1)



Increased **provisioning** on performing loans



**Impact on Net Income -18.1%** (Q1/Q1)



**Sound solvency** despite the 35% unwinding of Switch (-44bp)

**€1,583m**  
**CASA GOI<sup>(1)</sup>**

**x2.8**  
**CASA CoR**

**€638m -16.4% €**  
**Stated income**

**€652m -18.1% €**  
**Underlying income**

**11.4% > 11% target**  
**CASA CET1**

<sup>(1)</sup> Underlying

# A very solid Crédit Agricole Group in terms of capital, liquidity and operating efficiency

Crédit Agricole Group

15.5%

CET 1<sup>(1)</sup>

Crédit Agricole S.A.

11.4%

Crédit  
Agricole S.A.  
Liquidity

€338bn

at 31/03

Crédit  
Agricole S.A.  
Cost-Income  
Ratio

62.2%

Q1 underlying C/I ratio  
excl. SRF

## Crédit Agricole Group

Q1 2020  
stated net income

€908m

-32.8%  
Q1 2019

Q1 2020  
underlying net income

€981m

-31.6%  
Q1 2019

## Crédit Agricole S.A.

Q1 2020  
stated net income

€638m

-16.4%  
Q1 2019

Q1 2020  
underlying net income

€652m

-18.1%  
Q1 2019

### Regional Banks:

- Increased revenues from operations
- Yet one-off market effect on portfolio revenues

<sup>(1)</sup> Capital ratio



# Jérôme Grivet

Deputy General Manager  
Head of Group Finance division

## Crédit Agricole S.A. underlying data for Q1 2020

**Revenues<sup>(1)</sup>**
**€5,137m**
**+4.8%**  
vs. Q1 2019

**Expenses<sup>(2)</sup>**
**€3,194m**
**+2.9%**  
vs. Q1 2019

**Cost of risk**
**€621m**
**x2.8**  
vs. Q1 2019

**Net income  
Group share**
**€652m**
**-18.1%**  
vs. Q1 2019

AG: Asset Gathering, including Insurance; RB: Retail banking;  
SFS: Specialised Financial Services;  
LC: Large customers  
CC: Corporate centre

**GOI<sup>(3)</sup> up  
+7.9% Q1/Q1**

**Revenue driven by RB and LC**  
Major market effect for AG

**Cost-income ratio<sup>(4)</sup> improved** by 1.1 pp  
Q1/Q1 to **62.2%** specifically at LCL and CIB

**Cost of risk multiplied by 2.8**, affected by  
Covid-19 provisioning of performing loans  
(56% of the increase), across all business  
lines

<sup>(3)</sup> Gross operating income

<sup>(4)</sup> Underlying cost-income ratio, excl. SRF

(1) Revenues  
(2) Excl. SRF

### High-quality assets and well-hedged risks

- Asset quality still excellent
- The cost of risk is amplified by the anticipation of future risks

Gradual recognition starting in Q1-20 of the uncertainties related to the global economic cycle and the worsening environment as well as the expected effect of public measures resulting in:

- Flat-rate corrections to the retail banking portfolios and to corporate portfolios
- Specific additions to target sectors: tourism, automotive, aeronautics, retail, textiles, energy, and supply chain

Cost of risk/outstandings<sup>(2,3)</sup>:

Crédit Agricole S.A.

**61bp**  
X2.6 Q1/Q1

Crédit Agricole Group

**40bp**  
X3.1 Q1/Q1

NPL and disputed loan ratio

Crédit Agricole S.A.

**3.1%**

-0.1 pp vs. Dec. 2019

Crédit Agricole Group

**2.4%**

NPL coverage ratio

Crédit Agricole S.A.<sup>(1)</sup>

**72.4%**

+2.3 pp vs. Dec. 2019

Crédit Agricole Group<sup>(1)</sup>

**84.3%**

+1.7 pp vs. Dec. 2019

**€9.6bn**

Existing provisions

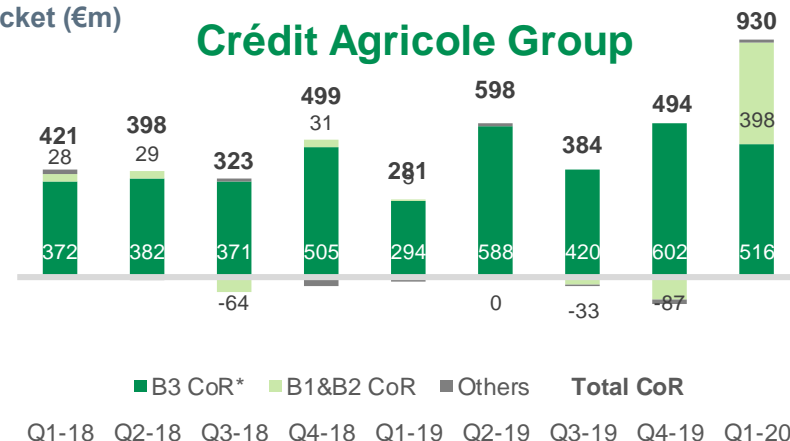
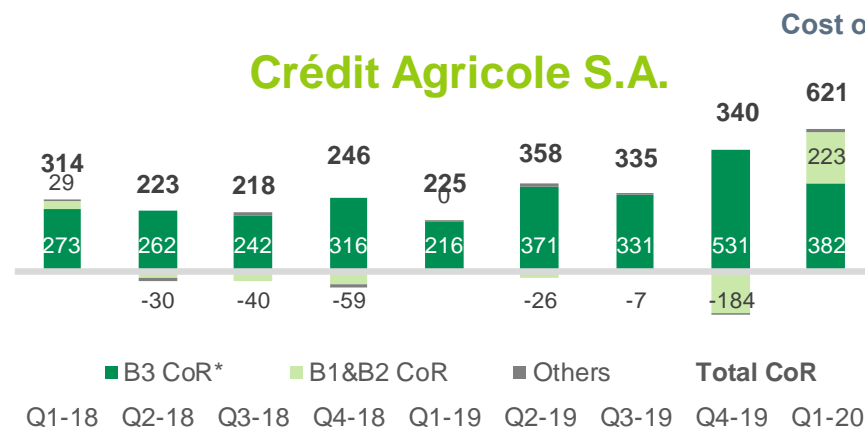
**€19.5bn**

Existing provisions

<sup>(1)</sup> Including all provisions for performing loans recorded due to Covid-19; <sup>(2)</sup> Cost of risk on loans (in basis points, annualised); Four-quarter cost of risk on loans in basis points at 42bp for CASA and 26bp for CAG; <sup>(3)</sup> Since Q1-19, loans recognised in credit risk indicators are loans to customers only, before deducting provisions



### Cost of risk up, due to provisioning of performing loans



**€621m**

Crédit Agricole S.A.  
Cost of risk, Q1 2020

**x2.8 Q1/Q1**  
**56% of the rise**  
**on performing loans**

**€930m**

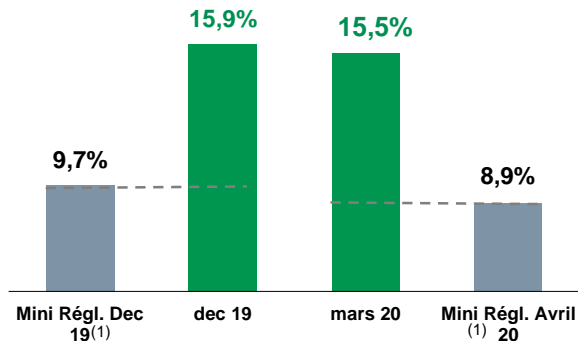
Crédit Agricole Group  
Cost of risk, Q1 2020

**x3.3 Q1/Q1**  
**61% of the rise**  
**on performing loans**

(\*) Including non provisioning losses.

## High solvency, still above regulatory requirements

### CRÉDIT AGRICOLE GROUP



**Capital ratio<sup>(2)</sup>: 15.5%** (-0.4 pp)

**Exceptional impact on the quarter:** 2019 dividend held in reserves in response to ECB's requests (+16bp) and regulatory impact on securitisations (-15bp)

**Ratio well above regulatory requirements**

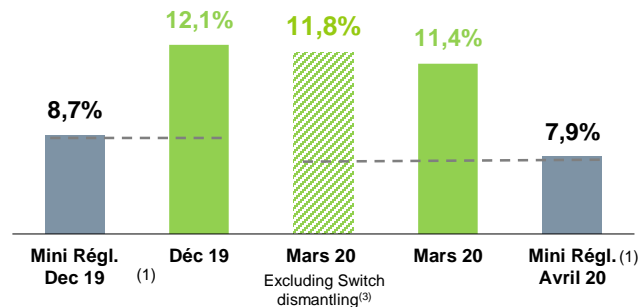
(+6.6 pp compared to SREP vs. +6.2 pp at 31/12)

(1) According to SREP requirement, including the countercyclical buffer

(2) CET1

(3) The "Switch" guarantee mechanism involves a transfer to the Regional Banks of a portion of the prudential requirements applicable to Crédit Agricole S.A. with respect to its insurance business, in return for fixed compensation from the Regional Banks.

### CRÉDIT AGRICOLE S.A.



**Capital ratio<sup>(2)</sup>: 11.4%** (-0.7 pp)

**Effect of the dismantling of 35% of Switch (-44bp)**

**Exceptional impacts this quarter:**

- 2019 dividend held in reserves: +60bp
- Market effect: -33bp
- Others: -59bp

**Ratio well above regulatory requirements**

(+3.5 pp compared to SREP vs. +3.4 pp at 31/12)

## ACTIVITY

# Limited impact of the crisis on revenues, and proactive rollout of support measures to our customers

### Revenues impacted by Covid-19 in March 2020

#### Net interest margin

Net interest margin **quite resilient** despite **decline in commercial production** at end of period

#### Commissions

##### Mixed situation:

- increase in commissions related to securities transfers
- decrease in insurance and banking commissions

#### Portfolio revenue

Depreciations recorded due to the **unfavourable market backdrop** (insurance, asset management), which are reversible

### Sales momentum maintained during the quarter

Gross new customer acquisition still brisk: **416,000 new customers** in 2020

**Positive growth in customer base: 25,000 customers** in 2020

**RETAIL BANKING**

**Life insurance:**  
AuM +€6.5bn, +2.2%

**Property and personal insurance:**  
+7.8% CA

**ASSET GATHERING**

Gross managed loans +2.1%

Commercial production - factoring +56.2%

**SPECIALISED FINANCIAL SERVICES**

Robust levels of bond issuances, to meet the needs of customers with credit lines

**LARGE CUSTOMERS**

## Commercial activity still good in the Regional Banks

**+296,000**  
customers

**Gross new customer acquisition in 2020:** 296,000 customers, and 18,000 increase in customer base

**+15.1%**  
Demand  
deposits

**Continued commercial momentum** during the quarter, but a slowdown in March:

- Build-up in outstanding loans (+7.1%) with a surge in mortgage lending (+7.8%) and business loans (+11.9%)
- Increase in demand deposits (+15.1%) and a reduction in off-balance sheet inflows (-1.7%, specifically securities) in connection with Covid-19, but growth in balance sheet inflows (+7.3%) for the quarter

CDL rate:  
**1.9%**

**Increased cost of risk:** x5.5 compared to a very low Q1-19; 69% of the increase related to provisioning on performing loans (+€176m in Q1, 23bp annualised on outstanding loans)

## Crédit Agricole S.A. business lines mobilise their strengths

**LCL:**

Gross new customer acquisition  
+86,000 professional and retail  
banking customers in 2020

**CA Italia:**

+4% in outstanding loans  
Q1 / Q1

**International:**

Surplus of deposits over loans  
+€1.7bn at 31/03/2020

**CAA:**

Solvency still very high

**Amundi:**

€1,527bn in assets under management  
+3.5% year-on-year

**CACIB:**

+8.1% Gross Operating Income

**CACEIS:**

Assets under custody  
+€845bn by scope effect

**CAL&F:**

+56.2% commercial production  
in factoring Q1/Q1

**CACF:**

€91.4bn in gross managed  
consumer credit loans

# A Group in working order that is backed by structural assets to help its customers get through the crisis

Balanced and diversified business model



A universal customer-focused banking model, founded on relational excellence  
Revenues balanced among business lines and diversified geographically

Operational efficiency



Low underlying C/I ratio excluding SRF:  
62.2% in Q1 2020 for Crédit Agricole S.A., an improvement on Q1 2019

Conservative risk management



Low cost of risk in 2019 means that today we can fully commit to customer support systems: 32bp<sup>(1)</sup> CASA, 20bp<sup>(1)</sup> CAG in 2019  
Significant sector diversification of exposures  
Low exposure to market activities. CASA average VaR of €11m in Q1-20

Sound Group capital



Crédit Agricole Group is highly solvent (variance from SREP of 6.6 pp)

Robust liquidity position



€338bn in liquidity reserves at 31/03, up €40bn vs. 31/12/2019

<sup>(1)</sup>Cost of risk/outstandings



# Philippe Brassac

Chief Executive Officer, Crédit Agricole S.A.

# Mobilisation in connection with public authorities to support customers

## Corporates, Professionals and Farmers

- Since 6 March, **335,000 deferrals** granted on loans, representing **€3.4bn in payments due** at 29 April
- Since 25 March, **€19.5bn in State-Guaranteed Loans processed** at 30 April
  - 126,000 customer requests to Regional Banks, LCL, and CACIB
  - 88.5% pro/ farmers, 11.5% corporates <sup>(1)</sup>
- Starting on 21 April, **€10bn programme rolled out by CA Italia:**
  - €4bn in business loans (max. €25k) and €2bn in treasury facilities
  - €4bn for a moratorium on loan payments for SMEs and retail banking customers (6 months renewable)
- Since 22 April, **€210m in mutual support** for customers insured against operating losses **based on a flat-rate estimate** in the context of business property and casualty insurance
- Equipment leasing: postponement for a period of 6 months of 50,000 installments in France for furniture leasing (i.e. €500m) and 2,000 for property leasing (i.e. €150m)

## Personal customers

- Option of deferring or shifting maturities at no additional cost, already included in our loan contracts (188,600 contracts, 500 m€ maturities postponement)
- Special attention paid to our most vulnerable customers (receiving social benefits in cash)

(1) Number of requests



# Strong social commitments in the face of Covid-19

## Crédit Agricole Solidarity Fund

- April 2020 creation by Crédit Agricole of a **€20m solidarity fund** for the protection of seniors

## Community initiatives

- Donation of masks (1.7 million by LCL, 84,000 by CACF), financial donations, and equipment purchases for hospitals, digital equipment donations for hospital patients and retirement homes, support for research
- *Loop* and *J'aime mon territoire* platforms

## Insurance Solidarity Fund

- **€39.2m<sup>(1)</sup>** contribution from the **Insurance** business lines **to the solidarity fund** set up by public authorities for VSEs and freelancers in sectors especially hard hit by the crisis, on 23 March

## Crédit du Maroc, CA Group Italy

- Crédit du Maroc: **€8m** contribution to the Covid-19 solidarity fund announced on 24 March
- CA Group in Italy: **€2m** donation to Italian Red Cross and hospitals on 18 March

<sup>(1)</sup> o/w Crédit Agricole Assurances for €38.4m and CAMCA contributions and the CACIB insurance entity

**More than €70m in donations through solidarity funds**

## Conclusion

**Crédit Agricole  
is absorbing the impact of Covid-19  
and taking action for the economy**



# Appendices

# Retail banking

## LCL

- Growth in customer savings and loans, but a slowdown in loan origination and off-balance sheet savings under the impact of the crisis
- GOI up (+9.4%) thanks to operational efficiency

**Gross new customer acquisition:**  
**+86,000 professional and retail banking customers in 2020**

## Italy

- Sales growth at the start of the year interrupted by the crisis
- First issuance of covered bonds in Italy in January
- Operating income resilient

**+4% in outstanding loans Q1 / Q1**

## International outside Italy

- Covid-19 impact still limited on activity during the quarter, inflows on the balance sheet of +6% March/March
- Net income down, with prudent risk provisioning

**Net surplus of deposits over loans: +€1.7bn at 31/03/2020**

# Asset Gathering

## CAA

### Savings/Retirement

- Sharp acceleration in net inflows to UL products, +39.8% Q1/Q1 to €1.7bn
- Revenues impacted significantly by unfavourable market effects

### Property and personal insurance

- Steady growth dynamic with revenue up +7.8% (Q1/Q1)
- Equipment rate<sup>(2)</sup>: +1.4pp yoy for Regional Banks, +0.8pp for LCL and +1.6pp for CA Italia
- 14.2 million property and casualty policies, +120k in Q1

**Solvency still very high**

## AMUNDI

- Net management revenue up by +5.1% Q1/Q1, driven by management commissions (+1.7% Q1/Q1)
- Moderate net outflows for the quarter, positive inflows on retail and JVs

**€1,527bn in assets under management  
+3.5% year-on-year**

<sup>(1)</sup> Ratio of (claims + operating expenses + commissions) to premium income, net of reinsurance, Pacifica scope

<sup>(2)</sup> Share of total customers with at least one policy in car, home, health, legal or personal accident insurance

## Specialised Financial Services

### CACF

- Increase in gross managed loans yoy (+2.1%), but downturn of -20% in commercial production
- Revenues contracting (-4.2%) amid a slowdown in activity on renewable loans

**€91.4bn in gross managed consumer credit loans**

### CAL&F

- Increase in commercial production in leasing and factoring

**+56.2%**  
**commercial production in factoring Q1/Q1**

# Large customers

## CACIB

### Financing

- Revenue from Financing activities (-2.9% Q1/Q1) down slightly due to a slowdown in activity
- €17bn in drawdowns on credit lines. More than 70% recycled as deposits, and fed into bond activity

### Corporate and investment banking

- Very good performance from market activities (+13.7% Q1/Q1)
- Very high level of customer activity throughout the quarter, amplified by support to customers in coverage and bond issuances

**+8.1% Gross Operating Income**

## CACEIS

### Asset servicing

- Sharp improvement in performance Q1/Q1 (+27.0%) thanks to surge in revenues via integration of KAS Bank and Santander Securities Services (S3)

**Assets under custody  
+€845bn by scope effect**

## Business is continuing despite the lockdown

- ▶ **9 out of 10** Regional Bank and LCL<sup>(1)</sup> branches are **operational** and **advisers** are available
- ▶ Remote access in Q1 2020: 7.7m unique monthly users on apps<sup>(2)</sup> or +20% (Q1 2019) and 9.8m customer log-ons <sup>(2)</sup> to the websites
- ▶ **Cash machines** are functioning and stocked
- ▶ Heightened capacity for **innovation**: electronic signature of State-Guaranteed Loans, remote management of claims and damage, etc.
- ▶ Mass development of remote working is fully operational with IS security standards upheld (>50,000 simultaneous connections)

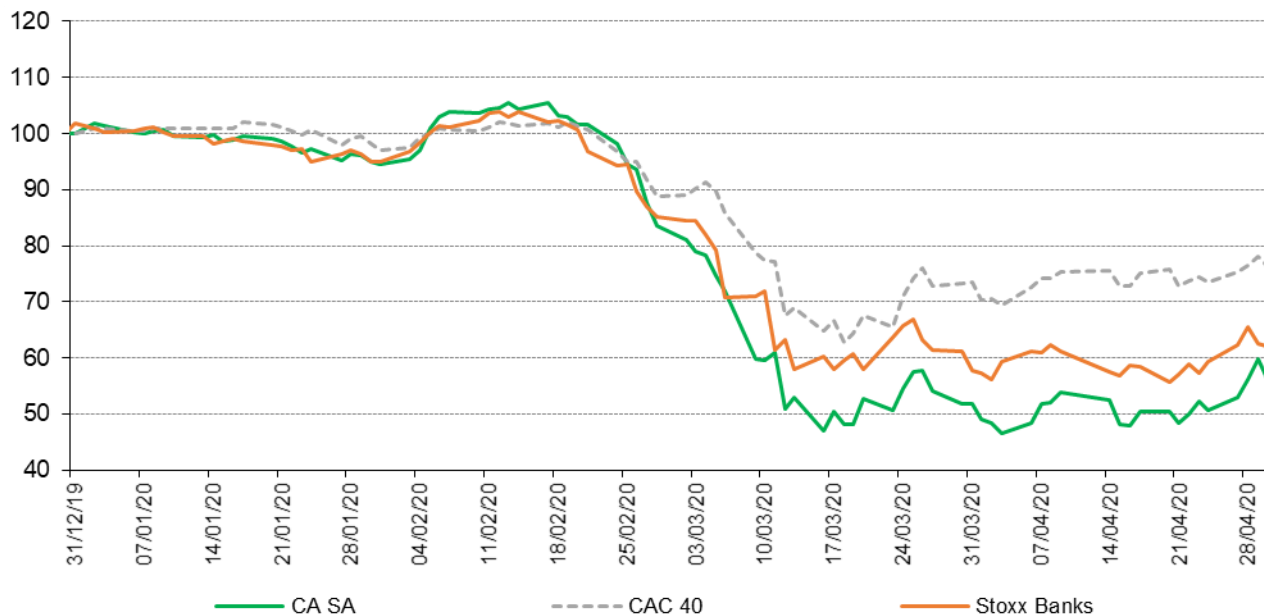
<sup>(1)</sup> branches open and/or remote-accessible

<sup>(2)</sup> CA, LCL; BforBank, CA Italia



## Crédit Agricole S.A. vs. Peers from 31/12/2019 to 30/04/2020

Based on CASA share price at 31/12/2019



€7.28 at 30/04/2020

**CASA**  
-43.66%

**Stoxx Banks**  
-37.37%

**CAC40**  
-23.52%



# Philippe Brassac

Chief Executive Officer, Crédit Agricole S.A.



# DISCUSSIONS



ACTING EVERY DAY IN THE INTEREST  
OF OUR CUSTOMERS AND SOCIETY

PRESS CONFERENCE

# RESULTS FOR THE 1ST QUARTER OF 2020