Crédit Agricole Q4-21 and 12M-21 RESULTS

2022 MTP targets reached in 2021, one year ahead of schedule

	CRÉDIT AGRICOLE GROUP		CRÉDIT AGRICOLE S.A.	
	Stated	Underlying	Stated	Underlying
Revenues	€36,822m +9.6% 12M/12M	€36,730m +7.9% 12M/12M	€22,657m +10.5% 12M/12M	€22,651m +9.1% 12M/12M
Costs excl. SRF	-€22,602m +6.3% 12M/12M	-€22,255m +5.1% 12M/12M	-€13,429m +7.8% 12M/12M	-€13,082m +5.8% 12M/12M
GOI	€13,741m +16.8% 12M/12M	€13,812m +12.3% 12M/12M	€8,836m +16.1% 12M/12M	€9,047m +13.7% 12M/12M
Cost of risk	-€2,193m -39.9% 12M/12M	-€1,849m -49.4% 12M/12M	-€1,576m -39.5% 12M/12M	-€1,232m -52.7% 12M/12M
Net income Group share	€9,101m +94.1% 12M/12M	€8,512m +38.9% 12M/12M	€5,844m x2.2 12M/12M	€5,397m +40.2% 12M/12M
C/I ratio (excl. SRF)	61.4% -1.9 pp 12M/12M	60.6% -1.6 pp 12M/12M	59.3% -1.5 pp 12M/12M	57.8% -1.8 pp 12M/12M

STRONG HIKE IN CASA Q4-21 AND 12M RESULTS ACROSS ALL BUSINESS LINES

Reported net income €1,428m in Q4, €5,844m in 2021
Underlying income +47.2% Q4/Q4 to €1,435m, +40.2% 12M/12M to €5,397m
Dynamic activity, +1.7 million new retail banking customers in 2021, equipment rate up
Revenues +9.1% Q4/Q4, positive jaws Q4 and 12M
Cost/income ratio excluding SRF 57.8% in 2021 (-1.8 pp 12M/12M),
Prudent provisioning of performing loans maintained against a backdrop of macro uncertainties.

PROFITABILITY AND CAPITAL POSITION AMONG BEST IN THE SECTOR IN EUROPE

	CRÉDIT AGRICOLE GROUP		CRÉDIT AGRICOLE S.A.	
CET1phasé	17.5%	+10 bp Dec/Sept	11.9%	-80 bp Dec/Sept
	+8.6 pp above SREP requirements		+4.0 pp above SREP requirements	

ROTE CASA 13.1%[1] in 2021. At least 2.6 pp above the average of 10 major European banks for the past five years

2021 DIVIDEND: €1.05 per share (€0.85 : 50% pay-out policy; €0.20 : 2019 dividend catch-up)

2022 MTP FINANCIAL TARGETS REACHED IN 2021

CASA net income Group share[2] €5.4bn > €5bn; CASA cost/income ratio[3] 57.8% < 60%;
Crédit Agricole SA ROTE[1] 13.1% > 11%;
CASA CET1 11.9% > 11%; CAG CET1 17.5% > 16%
50% dividend distribution throughout the span of the MTP

UNWINDING OF 100% OF SWITCH IN 2021

[1] *Underlying RoTE*
[2] *Underlying*
[3] *Underlying and excl. SRF*

Strength of our Group Project

- ➔ Amplification of the universal customer-focused banking model: digital and empowered local teams
- ➔ Strong societal commitments for energy transition and social cohesion
- ➔ Continued organic growth potential, expansion of the partnership model (8 new strategic partnerships since the start of the MTP)
- ➔ Strategic flexibility over the span of the MTP (€4.3bn in acquisitions, €2.3bn in disposals)
- ➔ European ambitions on mobility (CACF/Stellantis agreement in 2023)

The Group will present its new 2025 development plan on 22 June 2022

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

> “Our performance commits us. It is our responsibility to support all of our customers and society in their transitions."

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

> “The Group upholds its long-term commitments and, on 22 June, will present a new development plan to accelerate transitions”

Crédit Agricole Group

Group activity

Commercial activity in the Group's business lines was strong this quarter, reflecting the strength of the Universal Customer-focused Banking model. Gross customer acquisition was strong. In the whole year 2021, the Group recorded +1,701,000 new Retail banking customers, 1,560,000 of them in France (1,218,000 customers for the Regional Banks) and 140,000 in Italy, while the customer base continued to grow (+278,000 retail banking customers, 226,000 of them Regional Bank customers and 256,000 customers in France). In the fourth quarter of 2021, the Group gained +391,000 new retail banking customers, of which 360,000 of them in France (284,000 for the Regional Banks) and 31,000 in Italy. In addition, the production of loans in retail banking in France rose in the fourth quarter, by +1.3%[4] compared to fourth quarter 2019 and increased significantly over 2021 by +6.9% compared to 2019. Premium income from property and casualty insurance was also up sharply (+15.7% since the fourth quarter of 2019) while consumer finance and leasing production grew +1.5% compared to the same period. The equipment rate of Regional Banks, LCL and CA Italia also posted an increase since end 2020 (+1 percentage points, +1.1 percentage points and +1.9 percentage points respectively) to 42.7%, 26.6% and 19% respectively at 31 December 2021.

Group Project

Customer and human-centric projects - amplification of the universal customer-focused banking model: digital technology and empowered local teams.

This year, the Group continued to amplify the universal customer-focused banking model, which combines digital technology and empowered local teams. The Crédit Agricole Group's offers are constantly adapted to the needs of its customers. 2021 saw the launch of several **inclusive and flexible packages**.

In line with its universal banking model, the Crédit Agricole Group aims to make essential day-to-day banking services available to all, both online and in branches, in particular through the EKO and LCL Essentiel offers. For young people, the Globetrotter and LCL City Explorer offers provide an international payment card with no foreign payment fees. The insurance activity is also developing inclusive offers: the EKO Crédit Agricole Assurance and Primo LCL packages offer a car insurance service that is accessible to all with no limits on essential coverage.

In addition, Crédit Agricole gives all customers access to the bank's premium services with its **flexible Nouvelle Banque du Quotidien offer**, which includes “essential”, “premium” and “prestige” packages. For December 2021, the premiumisation rate was 23%.

The Crédit Agricole Group is also constantly improving its offers and services through **innovation and the digitalisation of the customer experience**. As a result, the Group's app usage rate (active profile on apps in the last month) rose sharply this year, recording an increase at the Regional Banks and at LCL (respectively, +18 percentage points compared to January 2019 to 45.5% and +20.5 percentage points to 57.4%). Similarly, the Group continues to deploy innovative digital tools for its customers and in particular for young people to facilitate their activities, such as the digital “piggy bank” on the CA Italia application (which allows amounts as small as €5 to be saved and invested in a mutual fund at any time with a simple click on a mobile phone), and Plick, a new private payment service also developed by CA Italia (which allows payments to be made throughout Europe without an IBAN, using only the beneficiary's mobile phone number or e-mail). Innovative non-banking platforms and services have also been set up, such as Vizio Client (which allows face-to-face exchanges with one's advisor

[4] *Excluding state-guaranteed loans for Q3-2020 (€2.6 billion) and negligible for Q3-2021*

and sharing and viewing documents during a videoconference call) and platforms for young people and professionals (Youzful, Blank, Yapla).

However, Crédit Agricole Group goes the extra mile and enhances the digital experience and the strength of its offers and services for its customers through **customer-focused empowered local teams**. The inclusion of an "empowerment index" in this year's ERI (Engagement and Recommendation Index) survey is a good illustration of this, as is the strong increase in the participation rate of employees in the ERI survey (81%, +1 point compared to 2020). In addition, the Group launched innovative measures in managerial transformation, supported by organisational transformation, to ramp up the employee empowement process, aimed at creating more value for customers. Lastly, the Crédit Agricole Group continues to take steps to promote gender equality. 31% of Crédit Agricole S.A.'s Executive Committee is made up of women as of the end of 2021.

Finally, this year's achievements were made possible thanks to the full **mobilisation of the Group's employees**.

As a result of all these actions, the Group's positioning in terms of customer satisfaction continued to improve: Crédit Agricole is now at the top of the "France's favourite brand" ranking in the banking category. Crédit Agricole's Net Promoter Score (NPS) rose in 2021 from 2020 (+2 points to +10), placing it in the **top three French banks in terms of customer satisfaction**. After being recognised during lockdown as the leading bank in terms of contactability, LCL was awarded the "2022 Customer Service of the Year" trophy and received the prize for the best remote customer service and bank branch of the year (Trophée 2022 Moneyvox). Finally, the Sofinco website was elected "Best User Experience" in 2021.

The Group's societal project – societal commitment for energy transition and social cohesion

The Group's commitment to the energy transition has two main components: the Group's support for the energy transition of corporates and individual customers, and the progressive reallocation of financing and investment portfolios towards green assets.

There are several concrete examples of the Group's commitment to support its customers in their transition strategies in 2021. Indeed, 8,000 listed companies have been assigned transition scores, i.e. a single score used by CACIB and Amundi to better support and meet the energy transition needs of their customers. CACIB confirmed its position as one of the world's top five green, social and sustainable bond arrangers (with $46 billion of bonds arranged in 2021). At Amundi, the assets under management dedicated to social and environmental solutions totalled €35 billion in 2021. In addition, CACF granted financing in the amount of €2 billion for vehicles emitting less than 95 g of carbon dioxide per km. Lastly, according to a May 2021 Bloomberg study, Crédit Agricole CIB is the first bank among the 30 largest worldwide banks to have arranged more green financing since the beginning of 2016 than hydrocarbon financing.

Several concrete examples of the reallocation of financing and investment portfolios towards green assets can also be noted 2021. CACIB's green loan portfolio amounts to €13.2 billion at year end. CAA has invested €2.5 billion in renewable energies (i.e. an installed capacity of close to 8.5 GW), and 100% of Amundi's open-ended active management funds have an ESG score target[5] above the score for the investment universe. Finally, CALEF is, once again this year, the first private provider of renewable energy financing[6], with €2.6 billion outstandings in 2021.

The Group's Societal Project covers the Group's societal commitment to both energy transition and social cohesion. The Group's commitment in this area includes support for young people and the regions. The Crédit Agricole Group was the second largest private recruiter[7] of work-study students in France in 2021. In addition, CACF and the Regional Banks have developed support measures to help limit over-indebtedness and combat fragility: 4,200 over-indebted customers were accompanied by CACF this year, and 10,000 families were supported by the Regional Banks' "Points Passerelle" scheme. Lastly, on a different note, social investment

[5] When an ESG methodology is applicable
[6] ASF Sofergie market; source CALEF 2021
[7] 2020 Le Figaro ranking

vehicles such as Amundi Finance et solidarité, or the Contrat solidaire CAA are offered within the Amundi and CAA ranges.

In addition, in 2021, as part of its Societal Project, the Crédit Agricole Group presented a programme with 10 ambitious commitments in the area of climate, social cohesion and inclusion, and agriculture, embedded within the activities of the Group.

The first part of this programme involves acting for the **climate and the transition to a low-carbon economy** through:

1. **Achieving carbon neutrality by 2050 in our own footprint and in our investment and financing portfolios**. The Group's business lines have signed on to all collective commitments made by the major financial institutions, joining business alliances to contribute to carbon neutrality by 2050. These commitments are supplemented by specific commitments starting in 2022: a total halt to all project finance directly linked to the extraction of unconventional hydrocarbons starting in January 2022; protection of the Arctic region, where we prohibit all direct financing of oil and gas projects; significant reduction in our exposure to oil extraction by 20% by 2025; for investment, by 2025, 100% of Amundi's open-ended active management funds, representing €400bn today, will aim to have a better energy transition rating than their benchmark universe. In addition, the Group is committed to the financing of renewable energy. Already one of the world's leading issuers of green bonds and France's leading provider of renewable energy financing, Crédit Agricole intends to multiply its impact: €20bn committed by 2025, via Amundi, in funds that will invest in companies that contribute positively to environmental or social performance (Article 9 SFDR impact funds). Crédit Agricole also aims to double the production capacity of renewable energy facilities financed by Crédit Agricole Assurances to reach 10.5 GW by 2025, i.e. the average energy consumption of 4 million households. Crédit Agricole CIB's exposure to non-carbon energies will increase by 60% by 2025, and the development of its platform dedicated to advising on and financing hydrogen projects will accelerate. Other targets include the 50% growth in the financing of renewable energy projects in France by 2025 by Unifergie, a subsidiary of Crédit Agricole Leasing & Factoring (1 project out of 3 in France), and making energy transition a focus of the real estate master plan for Crédit Agricole Immobilier. Lastly, the Group is making responsible savings accessible, launching a range of "green" savings books starting in 2022 and a "green" savings plan starting in 2023.
2. **Advising and supporting 100% of our customers through their energy transition**, in particular through the Agilauto offer, which provides access to clean vehicles, or the "J'écorénove mon logement" offer for homes, or, for the SME and small business customers of the Regional Banks, the "Objectif Transition Energétique" platform. In addition, Credit Agricole commits itself to use its agencies to equip territories with electric vehicle charging station.
3. **The inclusion of non-financial criteria** in 100% of financing for corporate and farmers.

The second part of this programme plan aims to **strengthen cohesion and social inclusion** through:

4. **A range of offers that ensures no customers are excluded, to promote social and digital inclusion and adapt to economic and societal changes**, including the "Living well at home" offer for senior customers, enhanced with a digital and human-centred offer with simplified diagnostics for carers and a package of services for carers, and EKO Assurances to make day-to-day insurance (housing, mobility) accessible to all without cutting back on the quality of basic coverage.
5. The contribution to **revitalising the most vulnerable areas** and reducing **social inequalities** by promoting employment, solidarity, access to goods and services and digital technology
6. The Group's commitment to **the integration of young people through employment and training,** through the welcoming and training 50,000 young people by 2025 in France and abroad, mostly through work-study programmes and internships
7. **Increasing gender equality and diversity** in all Crédit Agricole S.A entities and within its governance, with a coordinated and global approach to set an example in our social policies, in particular with the

commitment to reach between 30% and 40% of women among senior managers by 2025, depending on the Crédit Agricole S.A. entity, or to train 100% of the Group's employees and elected representatives in CSR-related issues.

The third and final part of this programme plan focuses on **successfully achievin agricultural and agri-food transitions** with:

8. Supporting the development of farming techniques to **create a competitive and sustainable agri-food system**. For this reason, Crédit Agricole is launching a pan-European private equity and debt fund with an objective of €1 billion.
9. **Enabling French agriculture to fully contribute to the fight against climate change.** In this context, starting in 2022, the Group will explore the usefulness of a French platform for trading carbon credits from French farms and will support all local projects that contribute to decarbonising agriculture.
10. **Contributing to the strengthening of food sovereignty** by facilitating the installation of new generations of farmers, deploying green savings accounts and offering short-channel platforms

Finally, it should be noted that as at 31 December 2021, the energy mix of the energy portfolios of large corporate financing activities, asset management activities, investment activities linked to life insurance contracts and SME and mid-cap financing activities are as follows[8] (see page 67 of the 2020 URD for a methodological explanation of the scope)

- Large corporate financing activity: coal €348 million, oil €6,722 million, gas €5,166 million, nuclear €137 million, renewable energy €4,834 million [9].
- Asset management activity: coal €1,202 million, oil €25,090 million, gas €11,905 million, nuclear €3,556 million, renewable energies €3,224 million in connection with market trends and outstandings[10].
- Investments related to life insurance contracts: fossil fuels €8,084 million, nuclear €1,525 million, renewable energies €4,025 million[11].
- SME and mid-cap financing activity: fossil fuels €123 million, renewable energies €268 million[12].

The 2020 and 2019 data have been restated from the figures published in the Statement of Non-Financial Performance in the 2020 URD to incorporate the revised process for identifying energy commitments. These figures obtained via the Greenway platform are based on a financing scope of €178 billion at end 2021 and an investment scope of €482 billion.

The Group's development model

The financial targets announced for Crédit Agricole S.A. as part of the 2022 Medium-Term Plan were achieved in 2021, i.e. one year early:

- Underlying net income Group share is above the €5 billion target, reaching €5.4 billion in 2021
- The underlying cost/income ratio excluding SRF exceeded its 60% target, reaching 57.8% in 2021
- The underlying RoTE reached 13.1% in 2021, above its target of 11%.
- The fully loaded CET1 ratio reached 11.9% in 2021, above its steering target of 11%.

[8] *Presentation of methodological framework. The 2019, 2020 and 2021 coal exposure and energy mix data were estimated using the GreenWay Platform. The following estimation method was used:*

• For dedicated financing: the total amount outstanding on the balance sheet is recognised;

• For investments and non-dedicated financing: the balance sheet amounts outstanding are weighted by the counterparty's revenue distribution. This means that a correspondence is made between internal data (amounts outstanding) and external data (distribution of corporate revenues by energy produced, from "Trucost S&P", at the end of 2021).

For asset management activity: these data have been estimated by considering indirect exposure (percentage of the revenues of company investments made in energy). To arrive at this, we used the public data available at the end of 2021. The data relate to assets under passive and active management but exclude delegated management (in the context of joint ventures or management under private banking mandates) as well as Amundi Immobilier assets, which represent 72% of total assets under management. For this scope, the Trucost data covers €482 billion of outstandings excluding subsidiaries.

For large corporate financing activities: these data were estimated by considering both direct financing of dedicated assets and indirect exposures in energy production calculated on the basis of client revenues. To arrive at this, we used the public data available at the end of 2021. All on-balance-sheet financing activities for large corporates are recognised (only the amounts outstanding on the assets side of the balance sheet are included). For this scope, the Trucost data covers €178.3 billion of financing.

For investment activity linked to life insurance policies: these data have been estimated by considering non-unit-linked funds (percentage of customer revenues from energy). The data covers directly managed listed investments, listed investments managed under mandates and directly managed unlisted investments. Life insurance investment activities managed under asset management may include assets already counted in the asset management activity section.

For the financing activity of SMEs and mid-caps: these data have been estimated by considering the direct financing of dedicated assets in the energy production of SMEs and mid-caps. To arrive at this, the NAF codifications and data from the management tools for SME and mid-cap financing activity are used.

[9] *Large corporates financing activities in 2020: coal €311 million, oil €5,953 million, gas €5,314 million, nuclear €65 million, renewable energy €4,004 million; and in 2019: coal €370 million, oil €6,746 million, gas €4,693 million, nuclear €61 million; renewable energies €3,162 million.*

[10] *Asset management activity in 2020: coal €750 million, oil €18,715 million, gas €9,891 million, nuclear €2,898 million, renewable energies €2,682 million; and in 2019: coal €714 million, oil €20,838 million, gas €10,149 million, nuclear €2,763 million, renewable energies €2,162 million.*

[11] *Investments related to life insurance policies in 2020: fossil fuel €8,006 million, nuclear €1,895 million, renewable energies €2,664 million; and in 2019: fossil fuel €7,570 million, nuclear €1,987 million, renewable energies €2,100 million*

[12] *SME and mid-cap financing activities in 2020: fossil fuel €114 million, renewable energies €241 million; and in 2019: fossil fuel €65 million, renewable energies €224 million.*

- The commitment to distribute 50% of net income throughout the Medium-Term Plan will have been met despite the regulatory prohibition on distributing dividends for 2019. As a result, in 2021, the dividend is set at €1.05 per share, of which €0.20 for the catch-up on the undistributed 2019 dividend (out of €0.40).

Moreover, Crédit Agricole SA has demonstrated agility in managing its capital throughout the Medium-Term Plan, fully unwinding the switch[13], thereby simplifying Crédit Agricole SA's capital structure, and devoting a total of €4.3 billion in 2019, 2020 and 2021 to acquisitions[14], receiving €2.3 billion over the same period in disposals[15], and signing eight new strategic partnerships over this period[16]. The CET1 impact of acquisitions in 2019, 2020 and 2021, net of the impact of disposals over the same period, is roughly -50 basis points.

As part of the medium-term development of its business lines, Crédit Agricole SA also confirmed its European ambitions regarding mobility this year, particularly in the specialised financial services business line. In December 2021, Crédit Agricole and Stellantis announced their intention to join forces in 2023 to create a European leader in long-term leasing. CACF would become Stellantis's exclusive long-term leasing partner, and the purpose of the joint venture would be to manage a fleet of over one million vehicles by 2026. This exclusive partnership project between CACF and Stellantis would allow CACF to immediately become one of the top five long-term leasing players in Europe and offers additional revenue growth potential in a profitable segment from which CACF has been largely absent until now. Alongside this partnership, CACF has also announced its intention to develop a pan-European multi-brand player in automotive financing, leasing and mobility, based on the expertise of FCA Bank and Leasys Rent, which will be wholly owned by CACF in 2023, with a target of €10 billion in outstanding by 2026. This new entity would offer white-label products and target manufacturers, dealerships, short-term rental companies and independent direct distribution platforms. To that end, CACF acquired a stake in Cosmobilis, the leading French automotive distributor in Europe, investing €100 million. Finally, the long-term rental offer of CACF and CAL&F for the distribution network of the Group's retail banks was structured via the creation of CA Mobility, a joint venture between CACF and CALF, with a target of 100,000 vehicles by 2026. All of these operations support the objective of a 15% RoNE for CACF in 2023,[17] with an overall neutral CET1 impact for Crédit Agricole SA.

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[13] *Full year impact of €104m of the unwinding of the last 50% in Q4-21 (-60bp for CASA CET1)*

[14] *in particular Creval, Lyxor, Sabadell AM, Linxo, Santander Securities Services, KAS Bank, GNB Seguros, Pro Family, Olinn.*

[15] *in particular IWM Miami, CA Bank Romania, Banque Saudi Fransi. The figure includes the impact of the disposal of a minority stake in CACEIS to Santander in connection with the acquisition of Santander Securites Services.*

[16] *Including Europ Assistance, Abanca, Santander, Sabadell AM, Bank of China, Société Générale (with Azqore), BNY Mellon (with Amundi Technology)*

[17] *Target announced at the Consumer Finance investor day in December 2020*

Group results

In the fourth quarter of 2021, Crédit Agricole Group's stated **net income Group share** reached **€2,354 million** versus €530 million in the fourth quarter of 2020, a rise of a factor of 4.4. The **specific items** recorded this quarter generated a **positive net impact of €44 million on net income Group share**.

The **specific items** recorded this quarter included 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 +€1 million in net income Group share, hedges on the Large customers loan book for +€3 million in net income Group share and provisions for home purchase savings plans in the amount of +€83 million in net income Group share. In addition to these recurring items, there were items recognised in CA Italia's results for Creval: finalisation of the recording of net badwill for +€101 million in net income Group share, recording of off-balance sheet deferred tax assets for +€89 million in net income Group share, technology infrastructure upgrade and IT migration costs for Creval, amounting to -€13 million in net income Group share, and other miscellaneous Creval adjustments for -€12 million in net income group share. In addition to these items, there were actions to improve the quality of CA Italia's assets, including the impact of the disposal of a gross portfolio of €1.5bn and additional provisions on CA Italia's portfolio for -€180 million in net income Group share, the launch of a Next Generation HR plan for CA Italia and the associated job protection plan for -€109 million in net income Group share, the exceptional contribution by CA Italia to the Italian banks safeguard plan for - 14 million in net income Group share, and the "Affrancamento" gains related to exceptional tax provisions in Italy for the non-accounting revaluation of goodwill and its amortisation for +€50 million in net income Group share for CA Italia. Also recognised as specific items were the Lyxor acquisition costs for -€8 million in net income Group share in asset management, transformation costs related to the Turbo project, the Caceis transformation and development plan for -€12 million in net income Group share in Asset servicing, and finally the "Affrancamento" gains in Specialised financial services for AGOS for +€66 million in net income Group share.

Specific items in fourth quarter 2020 amounted to -€899 million in net income Group share impact and included the goodwill impairment of CA Italia, with a negative impact of -€884 million on net income Group share. Also included under specific items was the reclassification of entities held for sale (CACF NL, CA Bank Romania) and the ongoing disposal project of the Private banking activities in Miami and Brazil, for a total de -€97 million on net income Group share, including on the one hand -€66 million for CACF NL and -€7 million for CA Bank Romania, and, on the other hand, -€24 million for Private banking. Specific items also included exceptional contributions related to the COVID-19 crisis: CAA's exceptional contribution for supplementary exceptional Covid-19 healthcare contributions in the amount of -€15 million in net income Group share and CA Italia's exceptional contribution to the Italian banks safeguard plan for -€7 million. Also included under specific items was the reversal of the provision AGCM (Italian Competition Authority) addressed to FCA Bank for +€89 million. The impact of the better fortune adjustment on the activation of Switch 2 was neutralised at Group level. In addition to these items, there were recurring accounting volatility items, with a net positive impact of +€19 million in net income Group share, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), totalling +€13 million, the hedge on the Large customers loan book amounting to -€21 million, and the variation in the provision for home purchase savings plans amounting to +€26 million.

Excluding these specific items, **Crédit Agricole Group's underlying net income Group share**[18] in **fourth quarter 2021** amounted to **€2,311 million**, a year-on-year increase of +61.7%. The quarterly increase in underlying net income Group share was +€882 million, driven by the quarterly increase in gross operating income which came in at €475 million, as well as the positive effect of a lower cost of risk amounting to +€454 million.

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

Crédit Agricole Group – Stated and underlying results, Q4-2021 and Q4-2020

€m	Q4-21 stated	Specific items	Q4-21 underlying	Q4-20 stated	Specific items	Q4-20 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**9,500**	**120**	**9,380**	**8,665**	**5**	**8,660**	+9.6%	+8.3%
Operating expenses excl. SRF	(6,109)	(297)	(5,812)	(5,585)	(18)	(5,567)	+9.4%	+4.4%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**3,391**	**(177)**	**3,568**	**3,080**	**(13)**	**3,093**	**+10.1%**	**+15.4%**
Cost of risk	(783)	(319)	(464)	(919)	0	(919)	(14.7%)	(49.5%)
Equity-accounted entities	92	-	92	163	89	74	(43.4%)	+25.0%
Net income on other assets	10	-	10	(26)	-	(26)	n.m.	n.m.
Change in value of goodwill	119	119	0	(965)	(965)	-	n.m.	n.m.
Income before tax	**2,829**	**(376)**	**3,205**	**1,334**	**(889)**	**2,223**	**x 2.1**	**+44.2%**
Tax	(269)	438	(707)	(634)	4	(638)	(57.5%)	+10.8%
Net income from discont'd or held-for-sale ope.	4	-	4	(91)	(98)	7	n.m.	(44.7%)
Net income	**2,564**	**61**	**2,503**	**609**	**(983)**	**1,592**	**x 4.2**	**+57.2%**
Non controlling interests	(210)	(18)	(192)	(80)	84	(163)	x 2.6	+17.5%
Net income Group Share	**2,354**	**44**	**2,311**	**530**	**(899)**	**1,429**	**x 4.4**	**+61.7%**
Cost/Income ratio excl. SRF (%)	**64.3%**		**62.0%**	**64.5%**		**64.3%**	**-0.2 pp**	**-2.3 pp**

In fourth quarter 2021, thanks to steady momentum across all business lines, **underlying revenues** increased by +8.3% compared to fourth quarter 2020 to come in at €9,380 million. On a like-for-like basis[19], underlying revenues were up +7.2% from fourth quarter 2020. The Asset gathering division posted a decline in revenues of -2.9% (-€48 million) linked to the prudent management of the financial margin and the prudent provisioning of technical risks in insurance, and despite dynamic management fee and commission income in asset management, linked to favourable market conditions and dynamic inflows. Revenues for the Large customers division were up +8.6% from fourth quarter 2020 (+€123 million), with revenues in capital markets normalising in a context of low customer demand. This impact was partially offset by strong growth in structured finance and commercial banking revenues and strong fee and commission income from transactions in Asset servicing. Revenues from Specialised financial services grew by +4.9%, with CACF enjoying an increase in commercial production and insurance equipment, and CALF from dynamic leasing and factoring activity. In French retail banking, the Regional Banks recorded revenue growth of +6.6% compared to fourth quarter 2020, with LCL recording revenue growth of +3.0%. In International retail banking, CA Italia recorded strong revenue growth this quarter, mainly due to the effect of the consolidation of Credito Valtellinese since May 2021 (+21.8%). In addition to this scope effect, revenues were negatively impacted by the outflow of amounts outstanding (loan disposals) and pressure on the interest margin and positively by higher fees on managed savings and amounts outstanding. International retail banking outside Italy recorded a +10.6% increase in revenues, driven in particular by the dynamic activity of CA Poland and CA Ukraine.

Underlying operating expenses excluding the contribution to the Single Resolution Fund (SRF) stood at €5,812 million in fourth quarter 2021, a year-on-year rise of +4.4%. On a like-for-like basis[20], underlying operating expenses excluding SRF were up +3.0% compared to fourth quarter 2020. The Asset gathering division experienced an expense decrease of -2.4% due to scope effects (integration of Sabadell AM, creation of Amundi Bank of China, Fund Channel and Anatec) and accounting effects (reclassification of La Médicale in IFRS5 following the signature of the disposal agreement with Generali). Excluding the scope effect, they were up +3.1% due notably to continued investments in the development of Amundi Technology. In the Large customers division, expenses increased by +5.2%, mainly due to IT investments. Specialised financial services recorded a rise of

[19] *Entities excluded in 2021: Creval, CACF NL, CA Serbie, La Médicale, and, for Amundi, Sabadell AM, Amundi BOC, Fund Channel, Anatec.; Entities excluded / adjusted in 2020: CA Serbia, La Médicale, CACEIS (proforma consolidation).*

[20] *Entities excluded in 2021: Creval, CACF NL, CA Serbie, La Médicale, and, for Amundi, Sabadell AM, Amundi BOC, Fund Channel, Anatec.; Entities excluded / adjusted in 2020: CA Serbia, La Médicale, CACEIS (proforma consolidation).*

+8.9%, in line with activity. The French retail banking division posted a +1.1% rise in expenses from fourth quarter 2020 to €2,941 million. The International retail banking division posted a +29.7% increase in expenses following the integration of Creval, or stable expenses excluding Creval and excluding contribution to the Italian Interbank Deposit Protection Fund (FITD).

Overall, the Group posted an improved **underlying cost/income ratio excluding SRF** of -2.3 percentage points, taking it to 62.0% in fourth quarter 2021.

Underlying gross operating income was therefore up +15.4% year-on-year to €3,568 million. On a like-for-like basis, gross operating income was up +14.8% from fourth quarter 2020.

The **underlying cost of credit risk,** excluding the impact of the disposal of CA Italia NPL and the complementary provisioning of CA Italia outstandings (€319 million) was down to -€464 million (of which -€97 million from the cost of risk on performing loans (Stage 1 and 2), and -€360 million from Stage 3 cost of risk) compared to -€919 million in fourth quarter 2020, i.e. a decrease of -49% compared to fourth quarter 2020. Compared to third quarter 2021, when it stood at -€403 million, it was up by +15%.

The decline in the cost of risk this quarter was marked in financing activities (-90% where it amounted to -€12 million compared to -€121 million in fourth quarter 2020) and at LCL (-39% where it amounted to -€54 million compared to -€89 million in fourth quarter 2020).

Note that CA Italia's cost of risk increased by +4% compared to fourth quarter 2020 and +48% compared to third quarter 2021 and amounted to -€118 million, due to the alignment this quarter of Creval's performing loan provisioning models with Crédit Agricole Italia's practices and to additional provisions linked to NPL disposal.

The cost of risk relative to performing loans was down significantly by -85% compared to fourth quarter 2020, a trend related to the evolution of the health crisis, this drop was particularly marked at the level of CA Italia (a reversal of +€8 million in fourth quarter 2021 compared to a provision of -€22 million in fourth quarter 2020) and LCL (a reversal of +€9 million of cost of risk in fourth quarter 2021 compared to a +€60 million provision in fourth quarter 2020). The provisioning for proven cost of risk was up moderately by +8% to -€360 million in fourth quarter 2021 compared to -€334 million in fourth quarter 2020, in particular in retail banking in France (increase of +89% and +77% respectively for Regional Banks and LCL due to the transfer to Stage 3 of individual files). In total, the cost of risk for 2021 amounted to €1,849 million euros and was down by -49% compared to 2020.

The provisioning levels were determined this quarter taking into account **several weighted economic scenarios**. These include a favourable scenario at +6.0% in 2022 and +2.7% in 2023) and a less favourable scenario (French GDP at +3.0% in 2022 and +0.9% in 2023). Due to macroeconomic uncertainties that were not taken into account in the economic scenarios (changes in the health situation, inflation, interest rate adjustments, etc.), an exceptional additional €88 million in provisions on performing and deteriorated loans (cost of risk S1&S2) was recorded this quarter in cost of risk (of which €44 million for CIB, €17 million for LCL, €22 million for CACF and €5 million for CALF).

The cost of risk relative to outstandings[21] over four rolling quarters continued to normalise, reaching 18 basis points (down -20 basis points from fourth quarter 2020 and down -5 basis points from third quarter 2021). **It also reached 18 basis points on an annualised quarterly basis**[22] (compared to 37 basis points in fourth quarter 2020 and 16 in third quarter 2021).

Asset quality remains very satisfactory: the doubtful loan ratio was 2.0% at end December 2021 for the Crédit Agricole Group, down 0.3 percentage points compared to December 2020 and 0.2 percentage points compared to September 2021; and the coverage ratio improved by +3.6 percentage points compared to December 2020 and stood at 87.5% at end December 2021. Loan loss reserves amounted to €18.9 billion at end December 2021,

[21] *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*

[22] *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*

of which 39% related to performing loans (Stage 1 & 2), compared to 29% at end 2019, i.e. an increase of €2.0 billion between end 2019 and end 2021.

Underlying pre-tax income stood at €3,205 million, a year-on-year increase of +44.2% compared to fourth quarter 2020. In addition to the changes explained above, underlying pre-tax income included the contribution from equity-accounted entities in the amount of €92 million (up +25.0%, driven by the strong performance of equity-accounted entities at Amundi and CA Consumer Finance) and net income on other assets, which stood at €10 million this quarter versus -€26 million in fourth quarter 2020. The underlying **tax charge** was **up +10.8%** over the period, driven by the increase in underlying pre-tax income and offset by an underlying tax rate of 22.7% — down from fourth quarter 2020 (29.7%). In fact, the tax rate is never representative on a quarterly basis. Underlying net income before non-controlling interests was up +57.2% to €2,503 million. Non-controlling interests rose +17.5%. Lastly, underlying net income Group share was €2,311 million, significantly higher than in fourth quarter 2020 (+61.7%).

Crédit Agricole Group – Stated and underlying results, 2021 and 2020

€m	2021 stated	Specific items	2021 underlying	2020 stated	Specific items	2020 underlying	∆ 2021/2020 stated	∆ 2021/2020 underlying
Revenues	**36,822**	**92**	**36,730**	**33,596**	**(439)**	**34,035**	+9.6%	+7.9%
Operating expenses excl.SRF	(22,602)	(347)	(22,255)	(21,266)	(96)	(21,169)	+6.3%	+5.1%
SRF	(479)	185	(664)	(562)	-	(562)	(14.7%)	+18.2%
Gross operating income	**13,741**	**(70)**	**13,812**	**11,768**	**(536)**	**12,304**	**+16.8%**	**+12.3%**
Cost of risk	(2,193)	(344)	(1,849)	(3,651)	0	(3,651)	(39.9%)	(49.4%)
Equity-accounted entities	392	5	387	419	89	330	(6.6%)	+17.3%
Net income on other assets	(27)	(15)	(12)	52	-	52	n.m.	n.m.
Change in value of goodwill	497	497	0	(968)	(965)	(3)	n.m.	n.m.
Income before tax	**12,409**	**73**	**12,337**	**7,620**	**(1,411)**	**9,031**	**+62.9%**	**+36.6%**
Tax	(2,463)	616	(3,079)	(2,165)	152	(2,317)	+13.7%	+32.9%
Net income from discont'd or held-for-sale ope.	6	3	3	(262)	(268)	6	n.m.	(57.0%)
Net income	**9,953**	**692**	**9,261**	**5,193**	**(1,528)**	**6,720**	**+91.7%**	**+37.8%**
Non controlling interests	(852)	(104)	(748)	(504)	87	(591)	+69.1%	+26.6%
Net income Group Share	**9,101**	**589**	**8,512**	**4,689**	**(1,440)**	**6,129**	**+94.1%**	**+38.9%**
Cost/Income ratio excl.SRF (%)	**61.4%**		**60.6%**	**63.3%**		**62.2%**	**-1.9 pp**	**-1.6 pp**

Over the full year 2021, stated net income Group share amounted to €9,101 million, versus €4,689 million for full year 2020, for a stated net income Group share which increased by +94.1%.

Specific items in full year 2021 had a positive impact of **+€589 million** on stated net income Group share. In addition to the fourth quarter items already mentioned above, the items for the first nine months of 2021 had a positive impact of +€545 million and also corresponded to recurring accounting volatility items, i.e. the DVA for +€4 million, the hedging of loan portfolios in Large customers for -€15 million and the changes in the Home Purchase Savings Plan for -€7 million as well as the overpayment of contributions to the SRF for financial years 2016 to 2020 for +€185 million, the recording of provisional net badwill for Creval for +€321 million in net income Group share, an additional provisioning of the performing Creval loans for -€21 million, Affrancamento gains within the Asset Gathering, International retail banking and Specialised financial services business lines for a total of +€116 million, Creval acquisition costs for -€9 million, Creval integration costs for -€4 million, the reclassification of Serbia as an asset held for sale for -€4 million, transformation costs related to the LCL New Generation Network project, new branch regrouping at LCL and the Turbo project, Caceis transformation and development plan for a total of -€20 million, the integration costs of Kas Bank and S3 by CACEIS for -€2 million and the losses on the wealth management activities in Miami and Brazil held for sale for -€1 million within the Wealth management business line.

Specific items from 2020 had an impact of -€1,440 million on **net income Group share**. Compared to specific items in fourth quarter 2020 already mentioned above, these items had an impact of -€-541 million on net income Group share in the first nine months of 2020 and corresponded to recurring accounting volatility items, i.e. the DVA for -€5 million, hedges of the Large customers loan book for +€28 million, changes in the provision for home purchase savings plans for -€134 million, the integration/acquisition costs of Kas Bank and S3 by CACEIS for -€6 million, the impact of COVID-19 solidarity donations for -€225 million and reclassifications of held-for-sale assets (CACF NL, Bankoa, Romania) for -€170 million.

Excluding these specific items, **underlying net income Group share reached €8,512 million**, up **+38.9%** compared to 2020.

Underlying revenues were up **+7.9%** compared to 2020. In addition to a scope effect of €419 million mainly[23] related to the integration of Creval from second quarter 2021 in International retail banking, and to the adjustment of CACF NL following its exit from IFRS 5 status[24], underlying net banking income grew by +8.7% excluding scope effect. This increase in revenues is mainly due to the dynamism of the business lines. More specifically, for the Asset gathering division, it was due to dynamic management commission income in asset management, which benefited from both a favourable market effect and dynamic inflows, as well as prudent management of the financial margin and prudent provisioning of technical risks in Insurance; for the Large customers division, a normalisation of revenues in capital markets offset by strong growth in revenues in structured finance and commercial banking, as well as a good level of fees in asset servicing, driven by dynamic activity; for the Specialised financial services division, dynamic commercial production in consumer credit, growth in insurance equipment, and a sustained level of activity in leasing and factoring; for the retail banking division, growth in the revenues of the Regional Banks driven by commissions and more favourable refinancing conditions, balanced growth in LCL's revenues between interest margins and fee and commission income, and the dynamism of CA Italia's fee and commission income. In the Corporate Centre division, revenues were up thanks to lower refinancing costs and volatility factors (such as the impact of inflation on changes in hedging swaps and, particularly in second and third quarters 2021, eliminations on intra-group securities underwritten by Predica and Amundi).

Underlying **operating expenses** excluding SRF increased by +5.1% compared to 2020, and by +3.8% excluding scope effect. The increase in operating expenses both including and excluding scope effect is less than the increase in revenues over full-year 2021, thus generating a positive jaw effect of 2.8 points and 2.9 points respectively. The cost/income ratio excluding SRF for 2021 is thus 60.6%, down 1.6 percentage points compared to 2020. The SRF totalled €664 million in 2021, up 18.2% compared to 2020. Note that the refund of an overpayment over financial years 2016-2020 was accounted for under specific items in first quarter 2020 for +€185 million. Underlying **gross operating income** totalled €13,812 million, up +12.3% compared to 2020.

Lastly, **cost of risk** was down sharply (-49.4%/-€1,802 million, to -€1,849 million versus -€3,651 million in 2020).

Regional Banks

Regional Bank activity was dynamic in 2021, with gross **customer capture** up sharply (+1,218,000 customers since the beginning of the year) and customer base growth of an additional +226,000 customers. The auto/home/health insurance[25] **equipment** rate also increased (+1 percentage points compared to end December 2020), reaching 42.7% at end December 2021. **Mobile app use rates**[26] reached 71.2% and were up +3 percentage points compared to December 2020 (+6.8 percentage points compared to December 2019). Loans outstanding reached €596 billion at end December 2021 and increased by +5.8% compared to end December 2020 (including +6.5% for housing and +7.8% for corporates). **On-balance sheet deposits** rose significantly (+7% since end December 2020), driven by demand deposits (+11.0%) and passbooks (+9.8%), as did **off-balance sheet deposits**, which were up +4.8% since the same period (of which +3.7% in life insurance). As a result, **total customer assets** increased by +6.2% compared to end December 2020 to reach €839.5 billion at end December 2021.

In fourth quarter 2021, underlying **revenues** of the Regional Banks amounted to €3,596 million, a year-on-year increase of +6.6%. This increase was driven by fee and commission income (+13.5%), which was dynamic, especially in insurance and fee and commission income and account/management payment instruments. Interest

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[23] For the purpose of the calculation excluding scope effect entities excluded in 2021: Creval, CACF NL, CA Serbia, La Médicale and, for Amundi, Sabadell AM, Amundi BOC, Fund Channel, Anatec. entities excluded in 2020: CA Serbia, La Médicale, CACEIS Fonds Service GmbH (pro-forma consolidation)

[24] Since third quarter 2020, CACF NL was classified under IFRS 5, as the entity was subject to a disposal plan. As this disposal plan has been suspended, CACF NL has no longer been classified under IFRS 5 since third quarter 2021.

[25] Equipment rate - Home-Car-Health policies, Legal, All Mobile/Portable or personal accident insurance

[26] 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

revenues were up compared to fourth quarter 2020 (+0.9%). **Operating expenses excluding SRF** held steady at €2,337 million in fourth quarter 2021 (+1.2% compared to fourth quarter 2020). Accordingly, there was a favourable jaws effect (+5.4 percentage points this quarter), and the **underlying cost/income ratio excluding SRF** improved (-3.5 percentage points compared to fourth quarter 2020) to 65.0% that quarter, and the underlying **gross operating income** was up in fourth quarter 2021 by +18.5% compared to fourth quarter 2020. The **cost of risk** amounted to -€130 million[27], down -68.7% compared to fourth quarter 2020. The doubtful loan ratio is lower (1.6% at end December 2021 compared to 1.7% at end December 2020), and the **coverage ratio** remained high (103.3% at end December 2021 compared to 100.9% at end December 2020). The contribution to **taxes** was up this quarter compared to fourth quarter 2020 (+52%). All in all, the contribution of the Regional Banks to underlying **net income Group share** reached €882 million in fourth quarter 2021, up +87.6% compared to the fourth quarter 2020.

Over full-year 2021, the Regional Banks' underlying **revenues** reached €14,011 million, increasing +5.9% compared to full-year 2020. **Underlying operating expenses excluding SRF** increased by +3.3% compared to full-year 2020, mainly due to higher employee expenses (notably profit sharing and the exceptional purchasing power bonus). As a result, there was a positive jaws effect of 2.6 percentage points over the year, and the **underlying cost/income ratio excluding SRF** improved (-1.6 percentage points compared to full-year 2020, to 64.1%). Underlying **gross operating income** rose sharply (+10.8% compared to full-year 2020). The underlying **cost of risk** decreased by -41.9% in 2021 and reached -€606 million. Finally, the contribution of the Regional Banks to the underlying **net income Group share** reached €3,068 million over full-year 2021, up sharply (+37.6%) compared to full-year 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.

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[27] *The cost of risk on outstandings reached 10 basis points over a four rolling quarter period and 9 basis points on an annualised quarterly basis in third quarter 2021*

Crédit Agricole S.A.

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 9 February 2022 to examine the financial statements for fourth quarter 2021.

Results

Crédit Agricole S.A. – Stated and underlying results, Q4-2021 and Q4-2020

€m	Q4-21 stated	Specific items	Q4-21 underlying	Q4-20 stated	Specific items	Q4-20 underlying	∆ Q4/Q4 stated	∆ Q4/Q4 underlying
Revenues	**5,815**	**36**	**5,779**	**5,251**	**(47)**	**5,299**	**+10.7%**	**+9.1%**
Operating expenses excl.SRF	(3,720)	(297)	(3,423)	(3,226)	(18)	(3,208)	+15.3%	+6.7%
SRF	-	-	-	-	-	-	n.m.	n.m.
Gross operating income	**2,094**	**(261)**	**2,356**	**2,025**	**(65)**	**2,090**	**+3.4%**	**+12.7%**
Cost of risk	(647)	(319)	(328)	(538)	(38)	(500)	+20.2%	(34.5%)
Equity-accounted entities	82	-	82	137	89	47	(40.0%)	+73.9%
Net income on other assets	(9)	-	(9)	(9)	-	(9)	+1.5%	+1.5%
Change in value of goodwill	119	119	0	(903)	(903)	-	n.m.	n.m.
Income before tax	**1,640**	**(461)**	**2,100**	**712**	**(916)**	**1,628**	**x 2.3**	**+29.0%**
Tax	9	462	(453)	(436)	33	(469)	n.m.	(3.5%)
Net income from discont'd or held-for-sale ope.	4	-	4	(96)	(97)	1	n.m.	n.m.
Net income	**1,652**	**1**	**1,651**	**179**	**(981)**	**1,160**	**x 9.2**	**+42.4%**
Non controlling interests	(224)	(8)	(216)	(56)	129	(185)	x 4	+16.9%
Net income Group Share	**1,428**	**(7)**	**1,435**	**124**	**(851)**	**975**	**x 11.5**	**+47.2%**
Earnings per share (€)	0.46	(0.00)	0.46	0.02	(0.29)	0.31	x 29.6	+48.2%
Cost/Income ratio excl. SRF (%)	**64.0%**		**59.2%**	**61.4%**		**60.5%**	**+2.5 pp**	**-1.3 pp**

In fourth quarter 2021, Crédit Agricole S.A.'s **stated net income Group share** amounted to **€1,428 million**, a multiplication by 11.5[28], versus €124 million in fourth quarter 2020.

The **specific items** recorded **this quarter** included 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 +€1 million in net income Group share, hedges on the Large customers loan book for €3 million in net income Group share and provisions for home purchase savings plans in the amount of +€22 million in net income Group share. In addition to these recurring items, there were items recognised in CA Italia's results for Creval: finalisation of the recording of net badwill for €90 million in net income Group share, recording of off-balance sheet deferred tax assets for €80 million in net income Group share, technology infrastructure upgrade and IT migration costs for Creval, amounting to -€12 million in net income Group share, and other miscellaneous Creval adjustments for -€11 million in net income group share. In addition to these items, there were actions to improve the quality of CA Italia's assets, including the impact of the disposal of a gross portfolio of €1.5bn and additional provisions on CA Italia's portfolio for -€161 million in net income Group share, the launch of a Next Generation HR plan for CA Italia and the associated job protection plan for €97 million in net income Group share, the exceptional contribution by CA Italia to the Italian banks safeguard plan for -€13 million in net income Group share, and the "Affrancamento" gains related to exceptional tax provisions in Italy for the non-accounting revaluation of goodwill and its amortisation for €45 million in net income Group share for CA Italia. Also recognised as specific items were the Lyxor acquisition costs for -€8 million in net income Group share in asset management, transformation costs related to the Turbo project, the Caceis transformation and development plan for -€12 million in net income Group share in Asset servicing, and finally the "Affrancamento" gains in Specialised financial services for AGOS for +€66 million in net income Group share.

Specific items in fourth quarter 2020 amounted to -€851 million in net income Group share impact and included the goodwill impairment of CA Italia, with a negative impact of -€778 million on net income Group share. Also included under specific items was the reclassification of entities held for sale (CACF NL, CA Bank Romania) and the ongoing disposal project of the Private banking activities in Miami and Brazil, for a total de -€96 million on net income Group share, including on the one hand -€66 million for CACF NL and -€7 million for CA Bank Romania,

[28] Variation compared to 2020 stated result which included CA Italia goodwill impairment in 2020.

and, on the other hand, -€23 million for Private banking. Specific items also included exceptional contributions related to the COVID-19 crisis: CAA's exceptional contribution for supplementary healthcare contributions in the amount of -€15 million in net income Group share and CA Italia's exceptional contribution to the Italian banks safeguard plan for -€6 million. Also included under specific items were the reversal of the provision AGCM (Italian Competition Authority) addressed to FCA Bank for +€89 million and the impact of the claw-back following the activation of Switch 2 (Insurance) for -€26 million in net income Group share. In addition to these items, there were recurring accounting volatility items, with a net negative impact of -€16 million in net income Group share, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), totalling +€13 million, the hedge on the Large customers loan book amounting to -€20 million, and the variation in the provision for home purchase savings plans amounting to -€9 million.

Excluding these specific items, the **underlying net income Group share**[29] reached **€1,435 million**, up sharply by +47.2% compared to fourth quarter 2020, thanks in particular to dynamic activity in all businesses, continued positive market effects and a reduction in the cost of risk.

In fourth quarter 2021, **underlying revenues** reached €5,779 million, up +9.1% compared to fourth quarter 2020, and +7.3% like-for-like[30]. For the past five years, Crédit Agricole S.A.'s quarterly revenues have been growing steadily.

Revenues from the Asset gathering division (-3.5% compared to fourth quarter 2020 and -1.2% excluding scope effect[31]) were down despite dynamic management fees thanks to sustained inflows and a favourable market effect, against a backdrop of prudent provisioning of technical risks and prudent management of the financial margin in insurance. Revenues in Large customers were up (+8.6% compared to fourth quarter 2020 and +7.6% excluding scope effect[32]), with the normalisation of revenues in capital markets against a backdrop of weak customer demand being offset by strong growth in revenues in structured finance and commercial banking and by higher fees in Asset servicing thanks to dynamic activity. In the Specialised financial services division, revenues rose sharply (+5.6% compared to fourth quarter 2020, +4.6% excluding scope effect[33]). CACF's revenues benefited from increased commercial production and insurance equipment, and from the dynamic activity in Leasing and Factoring. Retail banking revenues increased (+10.0% compared with fourth quarter 2020, and +2.9% excluding scope effect[34]), driven by fee and commission income at LCL and Crédit Agricole Italia. Corporate Centre revenues grew strongly compared to fourth quarter 2020, thanks in particular to the dynamism of private equity revenues (CACIF), and to the impact of inflation on the valuation of hedging swaps.

Underlying operating expenses excluding SRF rose (+6.7%) compared to fourth quarter 2020 to €3,423 million in fourth quarter 2021. On a like-for-like basis,[35] this increase was reduced to +4.3% compared to 2020, representing an increase in expenses of +€136 million, mainly driven by the following types of expenses: investments and IT expenditure, particularly in CIB and Asset management (37% of the increase; approximately €50 million), variable compensation and other employee expenses, particularly at LCL and CA Italia (27% of the increase; approximately €37m), the foreign exchange impact, particularly in CIB (13% of the increase; approximately €18 million), taxes, particularly at CA Italia (10% of the increase; approximately €14 million), and other miscellaneous expenses consisting of taxes, external expenses and marketing campaigns, particularly at CACF and LCL (8% of the increase; approximately €17 million). The cost/income ratio[36] excluding SRF was low at 59.2%, an improvement (-1.3 percentage points) compared to fourth quarter 2020. The Medium-Term Plan targets were already reached in Asset gathering (MTP target <48%; Q4-21 at 44.6%; 12M-21 at 45.8%), Large

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

[30] Entities excluded in 2021: Creval, CACF NL, CA Serbie, La Médicale, and, for Amundi, Sabadell AM, Amundi BOC, Fund Channel, Anatec.; Entities excluded / adjusted in 2020: CA Serbia, La Médicale, CACEIS (proforma consolidation).

[31] Entities excluded in 2021: La Médicale, Sabadell AM, Amundi BOC, Fund Channel, Anatec; Entities excluded / adjusted in 2020: La Médicale,.

[32] Entities excluded in 2021: Entities excluded / adjusted in 2020: CACEIS (proforma consolidation).

[33] Entities excluded in 2021: CACF NL.

[34] Entities excluded in 2021: Creval, CA Serbia; Entities excluded / adjusted in 2020: CA Serbia.

[35] Entities excluded in 2021: Creval, CACF NL, CA Serbie, La Médicale, and, for Amundi, Sabadell AM, Amundi BOC, Fund Channel, Anatec.; Entities excluded / adjusted in 2020: CA Serbia, La Médicale, CACEIS (proforma consolidation)

[36] Data on an underlying basis and excl. SRF

customers (MTP target <57%; Q4-21 at 60.9%; 12M-21 at 57.8%) and LCL (MTP target <66%; Q4-21 at 64.9%; 12M-21 at 62.2%). On a like-for-like basis and[35] at current scope, Crédit Agricole SA recorded a positive jaws effect of +3.0 percentage points and +2.4 percentage points respectively in fourth quarter 2021. Within the Asset gathering division, operating expenses excluding SRF were down -2.5% at current scope and up +3.5% like-for-like[37], linked to the increase in expenses in asset management (+4.4% compared to fourth quarter 2020 at current scope and +2.4% like-for-like[38]), which includes continued development investments, particularly in Amundi Technology, and in the insurance business line (-25.6% compared to fourth quarter 2020 at current scope and +1.4% like-for-like[39]). In the Large customers division, operating expenses excluding SRF were up +5.2% compared to fourth quarter 2020 at current scope and +3.6% like-for-like[40], mainly due to IT investments in Corporate and Investment Banking. The Specialised financial services division saw its expenses increase by +10.3% compared to fourth quarter 2020 at current scope and by +8.3% like-for-like[41], in line with the increase in activity. Retail banking's operating expenses, excluding SRF, were up 13.8% compared to fourth quarter 2020 at current scope and up 4.4% like-for-like[42]. The increase was contained at LCL (+0.7% compared with fourth quarter 2020) and more marked at CA Italia (+7.2% like-for-like[43] compared to fourth quarter 2020), but stable (+0.7%) excluding the contribution to the Italian guarantee deposit fund (FITD). Corporate Centre expenses decreased by €9 million compared to fourth quarter 2020.

Underlying **gross operating income** thus rose to €2,356 million, a +12.7% increase compared to fourth quarter 2021. Excluding scope effect,[35] the increase was +11.8%, demonstrating the strength of the Universal Customer-focused Banking model with steady revenue growth and continuously improving operating efficiency over the past five years. By business line, gross operating income grew compared to fourth quarter 2020 like-for-like in Large customers (+14.3%), Specialised Financial Services (+1.0%), and French retail banking (+7.5%). The Asset gathering (-4.6%) and International retail banking (-9.5%) divisions saw a decline.

The provisioning levels were determined this quarter taking into account **several weighted economic scenarios**. These include a favourable scenario (French GDP at +6.0% in 2022 and +2.7% in 2023) and a less favourable scenario (French GDP at +3.0% in 2022 and +0.9% in 2023). Due to various uncertainties that were not taken into account in the economic scenarios (changes in the health situation, inflation, interest rate adjustments, etc.), an exceptional additional €88 million in provisions on performing and deteriorated loans (cost of risk S1&S2) was recorded this quarter in cost of risk (of which €44 million for CIB, €17 million for LCL, €22 million for CACF and €5 million for CALF).

The **cost of risk** was down by -35% compared to fourth quarter 2020 and up by +23% compared to third quarter 2021. It amounted to -€328 million versus -€500 million in fourth quarter 2020 and -€266 million in third quarter 2021 respectively. It is composed of the provisioning for performing loans (Stages 1&2) for -€20 million (versus an addition of -€193 million in fourth quarter 2020 and -€27 million in third quarter 2021) and the provisioning for proven risks (Stage 3) for -€277 million (versus -€291 million in fourth quarter 2020 and -€234 million in third quarter 2021). The cost of credit risk relative to outstandings over a rolling four-quarter period[44] was 28 basis points (down -34 bp compared to fourth quarter 2020 and down -5 bp compared to third quarter 2021) and 29 basis points on an annualised quarterly basis[45] (down -18 bp compared to fourth quarter 2020 and up +5 bp compared to third quarter 2021).

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[37] Entities excluded in 2021: La Médicale, Sabadell AM, Amundi BOC, Fund Channel, Anatec; Entities excluded / adjusted in 2020: La Médicale.

[38] Entities excluded in 2021: Sabadell AM, Amundi BOC, Fund Channel, Anatec.

[39] Entities excluded in 2021: La Médicale; Entities in 2020: La Médicale.

[40] Entities excluded / adjusted in 2020: CACEIS (proforma consolidation)

[41] Entities excluded in 2021: CACF NL.

[42] Entities excluded in 2021: Creval, CA Serbia; Entities excluded / adjusted in 2020: CA Serbia.

[43] Entities excluded in 2021: Creval.

[44] 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

[45] 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

As at 31 December 2021, risk indicators were very strong and confirmed **the high quality of Crédit Agricole S.A.'s assets and risk coverage level**. The diversified loan book is mainly geared towards home loans (27% of gross outstandings) and corporates (45% of Crédit Agricole S.A. gross outstandings). The doubtful loan ratio was still low at 2.5% (down -0.7 percentage point compared to December 2020), and the coverage ratio[46] was high, at 74.7% and up +3.2 percentage points compared to fourth quarter 2020. **Total loan loss reserves** amounted to €8.9 billion for Crédit Agricole SA at end December 2021 (up €0.7 billion compared to end December 2020), of which 34% relate to performing loans (Stage 1 & 2), compared to 22% at end 2019, an increase of €1.0 billion between end 2019 and end 2021.

By business line, this quarter saw the decrease of the NPL rate for CA Italia, which amounted to 3.7% at end December 2021 versus 6.5% at end December 2020. This decrease was due to the disposal of doubtful loans, mainly in the historical scope of CA Italia. CA Italia's coverage ratio increased to 62.0% at end December 2021 from 60.8% at end December 2020.

The underlying contribution of **equity-accounted entities** amounted to €82 million, up **+73.9%** compared to fourth quarter 2020, reflecting the good activity within entities of consumer finance (€67 million, up +33.4% compared to fourth quarter 2020) and asset management (€21 million, up +4.7% compared to fourth quarter 2020).

Net income on other assets stood at -€9 million in fourth quarter 2021, stable by comparison at -€9 million in fourth quarter 2020.

Underlying income[47] before tax, discontinued operations and non-controlling interests was therefore up **+29.0%,** at €2,100 million. The **underlying effective tax rate** stood at **22.4%**(-7.2 percentage points compared to fourth quarter 2020), while the underlying tax charge increased -3.5% to -€453 million. **Net income before non-controlling interests was up by +42.4%**.

Non-controlling interests stood at -€216 million in fourth quarter 2021, a +16.9% 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.

Underlying net income Group share was up by +47.2% compared to fourth quarter 2020 at **€1,435 million**.

Underlying earnings per share in fourth quarter 2021 reached **€0.46**, **increasing by +48.2%** compared to fourth quarter 2020.

The capital position was very strong with Crédit Agricole SA's **phased-in CET1 ratio** at **11.9%** (11.6% fully loaded), 4.0 percentage points above SREP. It includes a retained dividend provision of €1.05 per share for the year[48]. The completion of the simplification of the Group's structure with the unwinding of the remaining 50% of the Switch was achieved on 16 November 2021.

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[46] 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
[47] See Appendixes for more details on specific items.
[48] Of which €0.24 for Q4-21 and subject to approval by the General Meeting of 24/05/2022

Crédit Agricole SA from stated to underlying results, 2021 and 2020

€m	2021 stated	Specific items	2021 underlying	2020 stated	Specific items	2020 underlying	∆ 2021/2020 stated	∆ 2021/2020 underlying
Revenues	**22,657**	**7**	**22,651**	**20,500**	**(264)**	**20,764**	**+10.5%**	**+9.1%**
Operating expenses excl.SRF	(13,429)	(347)	(13,082)	(12,452)	(86)	(12,366)	+7.8%	+5.8%
SRF	(392)	130	(522)	(439)	-	(439)	(10.7%)	+18.9%
Gross operating income	**8,836**	**(210)**	**9,047**	**7,609**	**(351)**	**7,959**	**+16.1%**	**+13.7%**
Cost of risk	(1,576)	(344)	(1,232)	(2,606)	0	(2,606)	(39.5%)	(52.7%)
Equity-accounted entities	373	5	368	413	89	324	(9.7%)	+13.7%
Net income on other assets	(51)	(15)	(36)	75	-	75	n.m.	n.m.
Change in value of goodwill	497	497	0	(903)	(903)	-	n.m.	n.m.
Income before tax	**8,080**	**(67)**	**8,147**	**4,588**	**(1,164)**	**5,752**	**+76.1%**	**+41.6%**
Tax	(1,236)	640	(1,876)	(1,129)	96	(1,225)	+9.5%	+53.2%
Net income from discont'd or held-for-sale ope.	5	3	2	(221)	(221)	(0)	n.m.	n.m.
Net income	**6,849**	**577**	**6,273**	**3,238**	**(1,289)**	**4,527**	**x 2,1**	**+38.5%**
Non controlling interests	(1,005)	(130)	(876)	(546)	133	(679)	+84.2%	+29.0%
Net income Group Share	**5,844**	**447**	**5,397**	**2,692**	**(1,157)**	**3,849**	**x 2,2**	**+40.2%**
Earnings per share (€)	**1.84**	**0.15**	**1.69**	**-**	**(1.20)**	**1.20**	**n.m.**	**+40.0%**
Cost/Income ratio excl.SRF (%)	**59.3%**		**57.8%**	**60.7%**		**59.6%**	**-1.5 pp**	**-1.8 pp**

Over the full year 2021, stated net income Group share was €5,844 million, compared to €2,692 million in 2020, i.e. a rise by a factor of 2.2 in stated net income Group share.

Specific items in full year 2021 had a positive impact of **+€447 million** on stated net income Group share. In addition to the fourth quarter items already mentioned above, the items from the first nine months of 2021 had a positive impact of +€454 million in net income Group share and also corresponded to recurring accounting volatility items, i.e. the DVA for +€4 million, hedges of the Large customers loan book for -€15 million, changes in provisions for home purchase savings plans for -€7 million, and the overpayment of contributions to the SRF for financial years 2016 to 2020 for +€130 million. In addition to these recurring items, the following specific items for the first nine months of 2021 were included: the recording of a provisional net badwill for Creval for +€285 million in net income Group share, Affrancamento gains within the Asset gathering, International retail banking and Specialised financial services business lines for a total of +€106 million, an additional provisioning of Creval's performing loans for -€19 million, transformation costs related to the LCL New Generation Network project, new branch grouping at LCL and the Turbo project, Caceis transformation and development plan for a total of -€20 million, Creval acquisition costs for -€8 million, the reclassification of Serbia as assets held for sale for -€4 million, Creval integration costs for -€4 million, Kas Bank and S3 integration costs by CACEIS for -€2 million and the disposal plans in Miami and Brazil in Wealth management for -€2 million.

Excluding these specific items, **underlying net income Group share reached €5,397 million**, up **+40.2%** compared to 2020.

Underlying earnings per share stood at €1.69 per share for full-year 2021, up **+37.4%** compared to full-year 2020.

Underlying[49] **RoTE,** which is calculated on the basis of underlying net income Group share**,** net of Additional Tier 1 coupons (return on equity Group share excluding intangibles) reached **13.1% for full-year 2021**, an increase from full-year 2020 (9.3%). RoNE (Return on Net Equity) increased this year compared to 2020, in line with the increasing results.

49 See details on the calculation of the business lines' ROTE (return on tangible equity) and RONE (return on normalised equity) on p. 58

Underlying revenues were up **+9.1%** compared to 2020. In addition to a scope effect of +€419 million mainly[50] driven by the integration of Creval from second quarter 2021 in International Retail Banking, and to the reintegration of CACF NL following its exit from IFRS 5 status[51], underlying revenues grew by +7.1% like-for-like. The increase in revenues was also due to the dynamism of the business lines. For the Asset gathering division, dynamic management fee and commission income benefited from both a favourable market effect and a dynamic inflow of funds, and the change in insurance revenues reflected prudent management of the financial margin and prudent provisioning of technical risks. In the Large customers division, revenues in capital markets normalised against a backdrop of weak customer demand, while revenues grew strongly in structured finance and commercial banking. Fees and commissions were up in Asset servicing, thanks to dynamic activity. In the Specialised financial services division, consumer finance revenues were supported by dynamic commercial production and insurance equipment, and the level of activity in leasing and factoring was sustained. In Retail banking, revenues grew by +4.5% at LCL, balanced between interest margins and fee and commission income, and fee and commission income grew at CA Italia. In the Corporate Centre division, revenues were up thanks to lower refinancing costs and volatility factors (such as the impact of inflation on the valuation of hedging swaps and, in particular in the second and third quarters of 2021, eliminations on intra-group securities underwritten by Predica and Amundi).

Underlying **operating expenses** excluding SRF were up by 5.8% in 2021, also including a scope effect (+€281 million[52]). On a like-for-like basis, costs grew by 3.5% in 2021, driven by all business lines: Asset gathering (+5.9%[53]), Large customers (+4.1%[54]), Specialised financial services (5.8%[55]), and Retail banking (+1.4%[56]). At a current scope and on a like-for-like basis, revenue growth in 2021 was higher than cost growth, generating a positive jaws effect of 3.3 points and 3.6 points respectively. The underlying cost/income ratio excluding SRF for 2021 was 57.8%, down -1.8 percentage points compared to 2020. The SRF for 2021 totalled €522 million, up 18.9% compared to first half 2020. Note that the refund of an overpayment over financial years 2016–2021 was accounted for €130 million under specific items in the first quarter 2020. Underlying gross operating income totalled €9,047 million, up +13.7% compared to 2020.

Lastly, **cost of risk** was down sharply (-53%/-€1,375 million), to -€1,232 million versus -€2,606 million in 2020.

The decrease was pronounced at the level of the provisions for performing loans (Stage 1 and 2) at -81%, and was due to a normalisation of the cost of risk throughout 2021 due to the decrease in uncertainties and the favourable evolution of the health situation, as shown by the improvement of the macro-economic scenario in Q4-21.

The addition of -€1,232 million in cost of risk over the year 2021 is composed into provisions for performing loans (Stage 1 and 2) for -€155 million (compared to an addition of -€817 million in 2020) and provisioning for proven risks (Stage 3) for -€993 million (compared to -€1,765 million in 2020).

The decline in the cost of risk is noticeable in all of Crédit Agricole S.A.'s business lines. LCL's cost of risk is -€222 million in 2021, down -43% compared to 2020, with a cost of risk on rolling outstandings of 15 basis points at the end of December 2021; CA Italia's cost of risk was -€347 million in 2021, down -19% compared to 2020, with a cost of risk on rolling outstandings of 63 basis points at the end of December 2021; CACF's cost of risk is -€445 million in 2021, down -30% compared to 2020, with a cost of risk on outstandings of 128 basis points at the end of December 2021; finally, in Financing activities, the cost of risk for 2021 is -€74 million, down -91% compared to 2020, with a cost of risk on rolling outstandings of 6 basis points at the end of December 2021.

[50] Other entities with scope effects: CA Serbia, Amundi BOC, Fund Channel, Anatec, So you, Kas Bank, La Médicale

[51] Since the third quarter of 2020, CACF NL has been classified under IFRS 5, as the entity was subject to a sale project. As this sale project has been suspended, CACF NL is no longer classified under IFRS 5 as of the third quarter of 2021.

[52] Scope effect related to the following entities in 2021: Creval, CACF NL, CA Serbia, La Médicale, and, for Amundi, Sabadell AM, Amundi BOC, Fund Channel, Anatec; and to the following entities in 2020: CA Serbia, La Médicale, CACEIS (consolidation)

[53] Entities excluded in 2021: La Médicale, Sabadell AM, Amundi BOC, Fund Channel, Anatec; Entities excluded / adjusted in 2020: La Médicale.

[54] Entities excluded / adjusted in 2020: CACEIS (proforma consolidation)

[55] Entities excluded in 2021: CACF NL.

[56] Entities excluded in 2021: Creval, CA Serbia; Entities excluded / adjusted in 2020: CA Serbia.

The underlying contribution from equity-accounted entities was up **+13.7%** to €368 million, with Specialised Financial Services partnerships being the main contributors.

Net income on other assets stood at -€36 million in 2021 compared to +€75 million in 2020. This contribution was mainly from the deconsolidation of CACIB's Algerian subsidiary.

Underlying income before tax, discontinued operations and non-controlling interests was therefore up +41.7%, at €8,148 million.

The tax charge was €1,876 million, up +53.2%, with an **underlying effective tax rate** of **24.1%**, up +1.6 percentage points compared to 2020. **Underlying net income before non-controlling interests was therefore up by +38.5%**.

Non-controlling interests amounted to -€876 million in 2021, up +29.0% in line with the increase in underlying income before tax, discontinued operations and non-controlling interests. **Underlying net income Group share increased by +40.1% to €5,394 million.**

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

Asset gathering

The business line's assets under management stood at €2,582 billion at the end of December 2021, up 11.3% from end September 2020. Of the increase of €261 billion compared to the end of September 2021, +€147.9 billion were related to a scope effect (of which +€148 billion were related to the consolidation of Lyxor assets following the completion of the acquisition announced on 31 December 2021, and -€0.1 billion due to the exit of the Miami and Brazil activities in Wealth management), net inflows increased by +€69.0 billion, of which +€65.6 billion in Asset management, +€2.3 billion in Life insurance, and +€1.1 billion in Wealth management, and market and foreign exchange impact accounted for an increase of +€44.5 billion. Excluding scope effect, assets under management were up 4.9% from end September 2021 and 9.7% from end December 2020.

In savings/retirement, activity was dynamic and Crédit Agricole Assurances continued its commercial expansion and diversification in France and internationally. Premium income was up by +23.0% compared to fourth quarter 2020. Net inflows in fourth quarter 2021 were positive (+€2.3 billion), with positive net inflows in euros contracts (+€0.3 billion). Net UL inflows totalled €2.0 billion (i.e. an increase of +57.8% from fourth quarter 2020). The share of unit linked products in total gross inflows hit a level of 42.0%, this quarter, i.e. +5.8 percentage points compared to fourth quarter 2020.

Assets (savings, retirement and death and disability) stood at €323.0 billion, up +4.8% from December 2020 and up +1.5% from September 2021. Unit-linked outstandings reached a new all-time high of €86.6 billion this quarter, with the share of unit-linked products in outstandings totalling 26.8%, up +2.6 percentage points compared with December 2020.

Lastly, the Policy Participation Reserve (PPE[57]) increased over the year to €13.1 billion at 31 December 2021, which was 6.3% of total euro outstandings. The average yield[58] of the Crédit Agricole Assurances group's assets was 2.26% in 2021 (2.13% at end 2020), well above even the average guaranteed minimum rate (0.16% at end 2021, compared to 0.20%[59] at end 2020) and the profit sharing rate of euro-denominated policies of 1.28% at the end of 2021, stable compared to the end of 2020.

In property and casualty insurance, business was strong in fourth quarter 2021, with growth of +5.1% in premium income compared to fourth quarter 2020. The number of property and casualty insurance policies in the Crédit Agricole Assurances portfolio reached 15.2 million at end December 2021, up +3.9% over one year, i.e. an increase of more than 568,000 policies in the twelve months of 2021. Growth in the property and casualty insurance business was driven by traditional activities (home, legal protection, personal accident insurance, car) and was also boosted by launches, in France, of corporate offerings (corporate property and casualty insurance and professional multi-risk) and a new auto insurance policy with an inclusive offer, EKO for the Regional Banks and PRIMO for LCL. Finally, on 1 January 2022, the transfer of 10 million assistance contracts to Europ Assistance France was successfully completed. The combined ratio[60] remained under control at 96.4%.

In **death & disability/creditor/group insurance**, premium income stood at €1.2 billion, an increase of +7.7% this quarter compared to fourth quarter 2020, with a positive contribution from the three business lines (death & disability, creditor and group insurance). The performance of the new "Mon Assurance Décès" death & disability insurance offer was good, with over 100,000 new policies since end June 2021.

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57 Scope "Life France"
58 CAA scope
59 Rate calculated with a new calculation method. That takes into account the contractual guarantees gross of fees, following the launch of new products since 2017 which applies negative guarantees for customers.
60 (claims + operating expenses + commissions) to premium income, net of reinsurance, Pacifica scope.

In addition, on 1 February 2022, Crédit Agricole Assurances signed an agreement with Generali for the sale of La Médicale, which resulted in its accounting being reclassified under IFRS 5 in the fourth quarter of 2021. The positive impact on Crédit Agricole Assurances' net income Group share at the time of the sale, expected by the end of 2022, will be more than €100 million.

Asset Management (Amundi) recorded a 14.0% increase in assets under management this quarter compared to end September 2021 (+19.4% year-on-year since end December 2020), i.e. €2,064 billion at end December 2021. The increase was mainly due to the consolidation of Lyxor assets (+€148 billion), positive market effects (+€39.1 billion) and strong net inflows in all customer segments (+€65.6 billion).

Over the year 2021, net MLT inflows excluding JVs reached a record level of €75.5 billion, driven by active management. In fourth quarter 2021, Amundi posted net MLT inflows excluding joint ventures of +€29.0 billion, driven by active management (+€20.0 billion). The good level of activity in Retail continued, with net MLT inflows excluding JVs in this customer segment standing at +€16.3 billion. The Institutional segment also recorded solid MLT inflows at €12.7 billion. Treasury products recorded sustained net inflows of +€11.1 billion in both customer segments. Inflows in joint ventures were positive at +€25.5 billion, driven by China and India.

Excluding the scope effect related to the consolidation of Lyxor assets as at 31 December 2021, assets under management were up +5.8% compared to end September 2021 (+10.8% year-on-year since end December 2020). In Asia, continued development enabled the level of assets under management to reach €369 billion at end December 2021, compared to €298 billion at end December 2020, with a target of €500 billion by 2025.

In addition, following the completion of Amundi's acquisition of Lyxor from Société Générale on 31 December 2021, Amundi has set a passive asset management target of around €420 billion by 2025.

In Wealth management, assets under management grew during the quarter to €135 billion at end December 2021, an increase of +2.7%[61] excluding the scope effect over the quarter since end September 2021 (+2.6% at current scope) and an increase of +7.9%[61] over one year excluding the scope effect (+5.2% at current scope), driven in particular by strong net inflows, which amounted to +€1.1 billion in fourth quarter 2021.

The **Asset gathering** (AG) business line posted **underlying net income Group share** of €610 million in fourth quarter 2021, up +18.8% from fourth quarter 2020, driven by growth in the contribution of all businesses.

The Asset Gathering (AG) business line posted underlying net income Group share of €2,348 million in 2021, up +24.9% from 2020.

The business line contributed by 40% to the underlying net income Group share of the Crédit Agricole S.A. core businesses (excluding Corporate Centre division) over 2021 and 29% of the underlying revenues of Crédit Agricole S.A.'s business lines. (excluding the Corporate Centre division).

As at 31 December 2021, own funds allocated to the business line amounted to €12.9 billion, including €11.2 billion for Insurance, €1.2 billion for Asset management, and €0.4 billion for Wealth management. The business line's risk weighted assets amounted to €64.3 billion, including €46.7 billion for Insurance, €12.9 billion for Asset management and €4.7 billion for Wealth management.

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

[61] *Excluding the scope effect related to the exit of the Miami and Brazil activities*

Insurance

Underlying revenues for the insurance activity stood at €602 million in fourth quarter 2021, down -18.0%[62] over one year. The quarter's buoyant financial revenues combined with a low level of corporate income tax enabled Crédit Agricole Assurances to pursue a prudent policy of managing its financial margin and to make prudent provisions for technical risks. Compared to fourth quarter 2020, insurance revenues nevertheless benefited from €30 million related to the unwinding of the remaining 65% of the Switch mechanism implemented by 15% on 1 March 2021 and by 50% on 16 November 2021. Underlying expenses were down -25.6%[62] in fourth quarter 2021 compared to fourth quarter 2020. Excluding taxes, the reduction in expenses was -24.7%[63] due to investments for the development of the activity and the increase in staff costs. As a result, underlying gross operating income was down -15.6% to €469 million in fourth quarter 2021. The underlying cost/income ratio in fourth quarter 2021 stood at 22.2%, a decrease of -2.2 percentage points compared to fourth quarter 2020. The tax charge decreased by -61.4% to €79 million compared to fourth quarter 2020 which included non-deductible additions to provisions. The underlying net income Group share showed an increase of +16.0%, taking into account in non-controlling interests 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 the year 2021 reached €2,550 million, down slightly by -0.2%[62], as a result of a prudent policy of managing the financial margin, which enabled the PPE to be endowed with +€1.6 billion in 2021. Costs decreased by -5.2%[62], resulting in an improvement in the cost/income ratio excluding SRF of 1.5 percentage points, which thus reached 28.3% in 2021. Underlying gross operating income thus increased by +1.9%. Finally, the tax charge for the year 2021 decreased by -32.2% compared to 2020, due to a base effect in 2020, the decrease in the normative tax rate in France, and the reduced-tax disposal of securities in 2021. As a result, net income Group share reached €1,406 million, a sharp increase of +16.5% compared to 2020.

Crédit Agricole Assurances also demonstrated its solidity and resilience with a Solvency 2 regulatory prudential ratio still high at 244% at 31 December 2021.

Asset management

Underlying revenues totalled €777 million in fourth quarter 2021, up +9.1% from fourth quarter 2020 at current scope and +8.0% on a like-for-like basis[64]. Net management revenues were up +10.3% compared to fourth quarter 2020, driven by net management fees, which rose by +15.7%, benefiting from the strong inflow of funds into active management. Performance fees began to normalise, amounting to €70 million in fourth quarter 2021 (after €90 million in third quarter 2021). Underlying operating expenses amounted to €395 million, up +4.4% compared to fourth quarter 2020 at current scope and +2.4% on a like-for-like basis[64]. This increase, which was kept under control, can be explained by continued investment in development, particularly at Amundi Technology. Underlying gross operating income was thus up a +14.3% and the underlying cost/income ratio excluding SRF stood at 50.9%, down -2.3 percentage points compared to fourth quarter 2020. The contribution of equity-accounted entities, comprising in particular income from Amundi's joint ventures in Asia, was up +4.7% from fourth quarter 2020 and totalled €21 million. The underlying tax charge worked out at €92 million, a +9.3% increase. Lastly, underlying net income Group share was up by +16.2% to €210 million.

In 2021, underlying revenues increased by +24.3% at current scope and +22.3% on a like-for-like basis[65] due to positive market conditions, net management fees which increased by +14.5% compared to 2020, and performance fees which amounted to +€427 million for the year compared to €200 million in 2020. Underlying operating expenses excluding SRF were up +14.2% at current scope and +11.0% on a like-for-like basis[65] due to the increase in variable compensation, higher development capex, mostly for Amundi Technology, and a scope effect of €44 million over the year. The underlying cost/income ratio excluding SRF was very low at 49.8%, an

62 Reclassification of La Médicale under IFRS5 in Q4-21; excluding La Médicale, revenues -12.1% Q4/Q4 and +0.1% 2021/2020; costs +1.4% Q4/Q4 and +0.9% 2021/2020; net income Group share +14.7% Q4/Q4 and +13.9% 2021/2020

63 Change in expenses excluding taxes Q4/Q4 excluding La Médicale +4.7%

64 Constant scope: entities excluded in 2021: La Médicale, Sabadell AM, Amundi BOC, Fund Channel, Anatec

65 Like-for-like basis: entities excluded in 2021: La Médicale, Sabadell AM, Amundi BOC, Fund Channel, Anatec improvement of -4.4 percentage points compared to 2020. Gross operating income rose by +36.4% compared to 2020, with a positive jaws effect of +10.1 percentage points. The net income of equity-accounted entities increased by +27.7%. Lastly, net income Group share for 2021 reached a record level of €839 million, up +39.7%.

Wealth management

Underlying revenues were strong at €229 million in fourth quarter 2021, up +4.4% compared to fourth quarter 2020. Underlying expenses excluding SFR rose, albeit under control (+6.1%) despite IT investments, and reached €188 million. Accordingly, underlying gross operating income fell slightly year-on-year by -2.7% while the underlying cost/income ratio excluding the SRF stood at 82.0% in fourth quarter 2021. The cost of risk fell sharply to €0.03 million in fourth quarter 2021 compared to €21 million in fourth quarter 2020. As a result, underlying net income Group share was up sharply, increasing by a factor of 2.1 compared to fourth quarter 2020, reaching €32 million in fourth quarter 2021.

In 2021, underlying revenues were up +2.6% compared to 2020. Costs excluding SRF were up +0.9%. Gross operating income was therefore up +12.7% to €134 million. After cost of risk (€5 million over the year) tax and non-controlling interests, net income Group share thus improved by +43.9% to reach €103 million over the full year. Note that the recognition this year 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

Activity for the whole **Corporate and Investment banking (CIB)** business line was buoyant in fourth quarter 2021, thanks in particular to a good performance in Financing activities, and despite the normalisation of revenues in capital markets, in a context of weak customer demand. **Underlying revenues** thus remain high at €1,251 million (i.e. +8.1% compared to fourth quarter 2020). **Financing activities** performed very well, with revenues at €750 million, up significantly by +22.5% in fourth quarter 2021 compared to fourth quarter 2020 and by +19.3% at constant exchange rates. This very good revenue level was also driven by Structured Finance activity (+24.3% versus fourth quarter 2020) and Commercial Banking (+20.9% versus fourth quarter 2020), in particular thanks to the continued strong development of International Trade & Transaction Banking (ITB). Crédit Agricole CIB remains the leader in syndicated loans (# 3 in the EMEA[66] zone and # 1 in France[67]). **Capital markets and investment banking** revenues amounted to €501 million, down -8.0% compared to fourth quarter 2020 and -10.1% at constant exchange rates, due to the slowdown in FICC activities (-11.8% compared to fourth quarter 2020) penalised by a low level of customer demand, partially offset by the Securitisation activity and by strong activity in Investment banking (+15.1% in fourth quarter 2021 compared to fourth quarter 2020). Regulatory average VaR was also down to €6.4 million in fourth quarter 2021, compared to €10.9 million in fourth quarter 2020. In a normalising market, Credit Agricole CIB confirmed its leading positions in bond issuances (*#4 in Green, Social & Sustainable bonds All currencies[68], #5 in All bonds in Euro worldwide[69] and #8 in All Corporate bonds in Euro worldwide[70]*).

Asset servicing (CACEIS) recorded a good level of activity in fourth quarter 2021. **Assets under custody** recorded strong momentum, totalling €4,581 billion at end December 2021, up +9.1% from end December 2020. **Assets under administration** also recorded an increase, rising +10.6% year-on-year[71] to €2,405 billion at

[66] *Source: Refinitiv R17*
[67] *Source: Refinitiv*
[68] *Source: Bloomberg*
[69] *Source: Refinitiv N1*
[70] *Source: Refinitiv N8*
[71] *10.1% growth in assets under management, adjusted for the effect of the consolidation of CACEIS Fund Services*

end December 2021. This upward trend can be explained by both a volume effect and a positive market effect. Transaction flows were also dynamic.

In **fourth quarter 2021, underlying revenues** of the Large customers division reached €1,562 million, up +8.6% compared to fourth quarter 2020, driven by strong activity. **Underlying operating expenses excluding SRF** amounted to €952 million, up +5.2% compared to fourth quarter 2020, mainly due to IT investments in Corporate and Investment banking. There was therefore a positive jaws effect on Corporate and Investment banking (+3.3 percentage points). It also applies for Asset Servicing (+4.1 percentage points). The underlying cost/income ratio excluding SRF of the Large Customers division stood at 60.9%, an improvement of 2.0 percentage points compared to fourth quarter 2020. Thus, gross operating income increased by +14.3%. The division recorded an overall net provision for cost of risk of -€1 million in fourth quarter 2021, compared to a provision of -€111 million in fourth quarter 2020. Pre-tax income was up sharply by +43.8% in fourth quarter 2021 versus fourth quarter 2020, to reach €611 million. The tax charge amounted to -€163 million, multiplied by 2.6 over the same period, mainly due to a tax base effect (linked to the increase in the taxable base under the effect of the growth in revenues and the sharp drop in the cost of risk) and to a different breakdown of pre-tax profits by country. Consequently, net income Group share rose by +23.5% in fourth quarter 2021 to stand at €418 million.

For 2021, the underlying **revenues** of the Large customers division amounted to €6,331 million, an increase of +0.9% compared to 2020, against a normalisation backdrop of revenues in capital markets throughout the year and very strong activity in financing activities. **Operating expenses excluding SRF** increased to €3,658 million, up +4.4% compared to 2020, in support of the development of the business lines. **Costs related to SRF** were €328 million, up +26.2% compared to 2020. Therefore, gross operating income amounted €2,345 million for 2021, representing a decrease of -6.6% compared to 2020. The **cost/income ratio excluding SRF** was up 1.9 percentage point compared to 2020, but remained low at 57.8%. The cost of risk decreased in 2021, with a net provision of -€39 million compared to a provision of -€829 million in 2020, in the context of the health crisis. The business line's contribution to underlying **net income Group share** was at €1,644 million, up +24.0% compared to 2020.

The business line contributed 28% to the **underlying net income** Group share of Crédit Agricole S.A.'s core businesses (excluding the Corporate Centre division) over 2021 and 28% to **underlying revenues** excluding the Corporate Centre division.

At 31 December 2021, the **capital allocated** to the division business line was €12.6 billion and **risk weighted assets** were €132.2 billion.

The business line's underlying **RoNE** (Return on Normalised Equity) stood at 13.1% for the full year 2021 (versus 10.7% for 2020).

Corporate and Investment banking

In **fourth quarter 2021**, the underlying **revenues** of Corporate and Investment banking amounted to €1,251 million, up +8.1% compared to fourth quarter 2020, thanks to the complementary nature of its business model. Financing activities registered a strong level of revenues (at €750 million, up +22.5% compared to fourth quarter 2020), while revenues in capital markets were normalising (at €501 million, down -8.0% compared to fourth quarter 2020), against a backdrop of lower customer demand. Underlying **operating expenses excluding SRF** were up +4.8% this quarter compared to fourth quarter 2020 to stand at -€720 million. This was related to investments in IT projects to support business growth. The **cost/income ratio excluding SRF** rose to 57.5%, an improvement of 1.8 percentage point compared to fourth quarter 2020. As a result, **gross operating income** amounted to €531 million, up +12.9% compared to fourth quarter 2020. The **cost of risk** recorded a net provision of -€2 million compared to a provision of -€108 million in fourth quarter 2020. This decrease in provisions was mainly due to lower provisioning for performing loans in Financing activities (Stages 1 & 2 net provision of €5 million in fourth quarter 2021 against provisions for -€52 million in fourth quarter 2020), notably due to the improvement in the medium-term economic forecasts. Lastly, **pre-tax income** in fourth quarter 2021 stood at €530 million, up +46.2%. The tax charge amounted to -€148 million, multiplied by 2.8 compared to fourth quarter 2020 due to the significant increase in the taxable base (increase in revenues and the sharp drop in the cost of risk) and a different breakdown of pre-tax profits by country). In the end, the underlying net income Group share of Corporate and Investment banking amounted to €373 million in fourth quarter 2021, up +23.1% compared to fourth quarter of 2020.

Risk weighted assets at the end of December 2021 amounted to €122.9 billion, down by -€0.3 billion compared to the end of September 2021.

The underlying **revenues** of Corporate and Investment banking for 2021 increased slightly by +0.1% (up +0.9% at constant exchange rates) compared to 2020 to reach -€5,152 million. The positive performance of financing activities (+9.2% compared to 2020), notably for structured financing activities (+12.0% compared to 2020) offset the decline in capital markets and investment banking revenues (-8.8% compared to 2020) in a context of lower customer demand. Underlying costs **excluding SRF** increased by +4.6%, linked to the impact of strong activity on remuneration, and IT investments, while the contribution to the SFR recorded a significant increase of +27.3% in 2021 compared to 2020, to reach €295 million. Therefore, underlying **gross operating income** at €2,085 million was down (-8.0% compared to 2020), but the level of the underlying **cost/income ratio** remained low (53.8% versus 51.5% in 2020). Finally, the cost of risk recorded a provision of -€47 million for 2021, compared to -€824 million for 2020. All in all, the business line's contribution to **underlying net income Group share** rose sharply by +25.6% to €1,501 million.

Asset servicing

In fourth quarter 2021, underlying **revenues** recorded the best performance of the year, amounting to €311 million, up +10.6%[72] compared to fourth quarter 2020. Business was strong, with assets under custody increasing by +9.1% over the year, assets under administration by +10.6%[73] and flow activities remaining at a high level. The increase in revenues was driven by higher fee and commission income on flows and a positive market effect. Underlying **operating expenses** excluding SRF and costs related to the Turbo project[74] increased (+6.5%) compared to fourth quarter 2020, coming in at €232 million[75]. Underlying **gross operating income** thus increased substantially, rising +24.9% to €79 million. The underlying **cost/income ratio** excluding SRF stood at 74.7% in fourth quarter 2021, down -2.9 percentage points compared to fourth quarter 2020. After the €21 million share of non-controlling interests, the business line's contribution to underlying **net income Group share** rose +27.2% compared to fourth quarter 2020 to €45 million.

Underlying revenues for 2021 were up +4.5%[76] compared to 2020, driven by good fee and commission income and despite pressure on the interest margin in the first half of 2021. Underlying expenses **excluding SRF** were up +3.7%[77], driven by the growth in business and the recognition of KAS Bank's residual integration costs during second quarter 2021, whereas SRF expenses were up sharply by +16.6%. Thus, underlying **gross operating income** was up 5.9% compared to 2020. The underlying **cost/income ratio** was down slightly by 0.6 percentage point, reaching 75.1% in 2021. In the end, the contribution of the business line to **net income Group share** in 2021 was €143 million, representing a 9.4% increase compared to 31 December 2020.

Specialised financial services

The Specialised financial services business line recorded a strong performance across all businesses this quarter. Commercial production was indeed strong in consumer finance, as well as in leasing and factoring.

In addition, this quarter was marked by the announcement of several initiatives that will lead to future growth for the Group: the announcement of the creation, in 2023 by CACF and Stellantis as a 50%/50% JV, of a pan-European multi-brand leader in long-term rentals, serving all Stellantis brands. The objective is to reach a fleet of one million vehicles by 2026. CACF has also announced its intention to expand in Europe in the area of car financing, via FCA Bank, which will be wholly owned by 2023. This multi-brand player will target manufacturers, dealers and short-term rental companies and independent direct distribution platforms. The objective is to reach €10 billion in assets by 2026, to which CACF's investment of €100 million in Cosmobilis to finance new forms of mobility will contribute. These initiatives were in addition to the launch, in the third quarter of 2021, of CA Mobility, a joint offer between CACF and CAL&F of long-term car leasing distributed through long channel, short channel and to Group's retail banks clients (Regional Banks and LCL). The objective is to reach a fleet of 100,000 vehicles by 2026. All these initiatives support CACF's objective of achieving a 15% return on normative equity (RoNE) by 2023, and reflect our strong ambitions in Europe in terms of mobility. The impact of the transactions on Crédit Agricole SA's CET1 was neutral. In addition to these initiatives, CAL&F acquired Olinn in the fourth quarter of 2021 to expand its offer to professional equipment management services, and CAL&F launched a leasing business in Germany through the creation of a Vendoramed marketplace in the third quarter of 2021. The impact of the Olinn acquisition on Crédit Agricole S.A.'s CET1 ratio was -6 basis points in Q4 2021.

Crédit Agricole Consumer Finance's (CACF) **commercial production** increased in the fourth quarter of 2021 compared to the third quarter of 2021 (+6% on a like-for-like basis[78]) and the fourth quarter of 2020 (+1% on a

[72] +5.5% increase in revenues, adjusted for the effect of the consolidation of CACEIS Fund Services
[73] 10.1% growth in assets under management, adjusted for the effect of the consolidation of CACEIS Fund Services
[74] CACEIS transformation and development plan
[75] Stable costs, adjusted for the effect of the consolidation of CACEIS Fund Services
[76] +3.5% increase in revenues, adjusted for the effect of the consolidation of CACEIS Fund Services
[77] +2.5% increase in expenses, adjusted for the effect of the consolidation of CACEIS Fund Services
[78] Like-for-like analysis: excluding CACF NL, which was classified under IFRS 5 in third quarter 2020 and reintegrated into line-by-line consolidation in third quarter 2021

like-for-like basis[78]). In France and internationally, activity was strong (production up by +6% and 16%[79] respectively compared to the fourth quarter of 2020.) Despite an automotive market affected by the shortage of electronic components, production of automotive JVs was notably up this quarter (+4% compared to third quarter 2021; but -12% compared to fourth quarter 2020). **Assets under management** at CACF totalled €92.5 billion at end December 2021. They were up +1.8% from end December 2020 and +0.5% from end December 2019. The increase in assets was driven by international business[79] (+4.1% compared to end December 2020) and by business with the Crédit Agricole Group (+4.6% compared to end December 2020). Assets related to automotive partnerships were up by +3.1% compared to third quarter 2021.

At Crédit Agricole Leasing and Factoring (CAL&F), commercial leasing production was up significantly this quarter at +57.4% compared to third quarter 2021 and +25.8% compared to fourth quarter 2020. Over the year 2021, the increase in leasing production was also significant at +20% compared to the same period in 2020. Commercial factoring production increased by +29.3% in fourth quarter 2021 compared to fourth quarter 2020, thanks in particular to strong activity in Germany, and **factored revenues** were up by +24.1% compared to fourth quarter 2020, thanks to the increase in the financed quota. **Outstanding leasing** reached €16.1 billion at end December 2021 (of which €13 billion in France and €3.2 billion abroad), i.e. an increase of +4% compared to end December 2020.

Income in **Specialised financial services** was up in fourth quarter 2021, by +7.1%[78] compared to fourth quarter 2020, thanks in particular to strong commercial activity. Underlying revenues of Specialised financial services excluding CACF NL were up +4.6% compared to fourth quarter 2020, driven both by strong revenues for CACF (+4.2% excluding CACF NL) and CAL&F (+5.7%). Underlying costs excluding CACF NL were up +8.3% (8.8% for CACF and 6.9% for CALF), in line with the increase in activity. Gross operating income excluding CACF NL was up +1% compared to fourth quarter 2020, and the underlying **cost/income ratio** excluding SRF on a like-for-like basis remained low at 50.5% (up +1.8 percentage points compared to fourth quarter 2020). **Cost of risk**[78] decreased compared to fourth quarter 2020 (-13.6%). As a result, in fourth quarter 2021, the division's **underlying net income Group share,** excluding CACF NL, reached €177 million, an increase of +7.1% compared to fourth quarter 2020.

In **2021,** underlying revenues increased by +5.0%, driven by the excellent performance of CAL&F (+12.2% compared to 2020) and the increasing revenues of CACF (+3.1% compared to 2020, excluding CACF NL). Underlying costs excluding SRF increased by +5.8% compared to 2020, in line with the strong activity. The underlying cost/income ratio excluding SRF was stable at 50.5% (+0.3 percentage point below the cost/income ratio excluding SRF of 2020). The cost of risk decreased by -30.6%[78], after the year 2020 was marked by strong provisions for performing loans in the context of the crisis. The underlying contribution of equity-accounted entities was up +18.8%, thanks to the good performance of FCA Bank during 2021. At constant scope, **net income Group share** was therefore up 22.5% at €740 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) over the year and 12% to **underlying revenues** excluding Corporate Centre division.

At 31 December 2021, the **capital allocated** to the Specialised financial services business line was €5.1 billion and **risk weighted assets** were €53.7 billion.

The division's underlying **RoNE** (Return on Normalised Equity) stood at 15.2% over 2021 (versus 11.7% for 2020).

[79] *Agos and other international entities (excluding automotive JVs in Italy and China)*

Consumer finance

In fourth quarter 2021, CACF's **underlying revenues** on a like-for-like basis reached €523 million, up +4.2% compared to fourth quarter 2020, benefiting from dynamic activity in France and internationally and the increase of insurance revenues. CACF's **underlying costs** on a like-for-like basis increased by +8.8%, in line with the evolution of the business and the full consolidation of CACF Spain (SoYou)[80] (for an effect of €4,3 million, the increase in CACF's costs excluding this effect would be 7.1%). As a result, **underlying gross operating income** on a like-for-like basis remained stable compared to fourth quarter 2020 and the **underlying cost/income ratio excluding SRF** remained low on a like-for-like basis at 50.2% (+2.1% percentage points compared to fourth quarter 2020 on like-for-like basis). The **contribution of equity-accounted entities** was excellent and reached €79 million in third quarter 2021 (+33% underlying compared to third quarter 2020). The **cost of risk** on a like-for-like basis was low at -€118 million and down compared to fourth quarter 2020 (-8.3%), in line with the improved economic scenario. The **cost of credit risk relative to outstandings**[81] over a rolling four-quarter period was 128 basis points. The **non performing loans ratio** is at 5.5%, down -0.6 percentage point compared to end June 2021, and the coverage ratio reached 85.2%, up 2.4 percentage points compared to end June 2021. All in all, **underlying net income Group share 2021,** excluding CACF NL, totalled €137 million in fourth quarter 2021, up +6.4% compared to fourth quarter 2020.

For the year 2021 as a whole, the income on a like-for-like basis significantly improved at +18.3% compared to 2020. Indeed, the underlying **revenues** excluding CACF NL was up by +3.1% compared to 2020, in connection with strong activity and insurance revenues. Costs excluding SRF were up +5.1%, in line with the level of activity and the full consolidation of SoYou, and the **underlying cost/income ratio excluding SRF** remained low at 49.9%, stable compared to 2020 (49.0%). Underlying gross operating income was also up +1.3% compared to 2020. The cost of risk decreased by -29.6%[78] compared to 2020, despite the maintenance of prudent provisions for performing loans. The underlying contribution from **equity-accounted entities** performed well, up +18.8%, mainly due to strong activity at Gac Sofinco and Wafasalaf. Overall, the business line's contribution to underlying **net income Group share** on a like-for-like basis was up +18.3%.

The CACF business's contribution to the net income Group share of Crédit Agricole S.A. over 2021 was 10%.

Leasing & Factoring

In **fourth quarter 2021**, CAL&F's underlying **revenues** stood at €160 million, a sharp rise of +5.7% compared to fourth quarter 2020, thanks to the strong activity in both leasing and factoring. **Costs excluding SRF** were up by +6.8% compared to fourth quarter 2020, in line with IT investments, but the underlying **cost/income ratio excluding SRF** remained low at 51.6%, stable by +0.5 percentage point compared to fourth quarter 2020. This resulted in a year-on-year increase in **gross operating income** of +4.5%. **Cost of risk remained low** at €15 million, down -40.1% compared to fourth quarter 2020. CAL&F's **underlying net income Group share** was €41 million in fourth quarter 2021, (+9.7% compared to fourth quarter 2020).

For 2021, CAL&F's underlying **revenues** was up sharply by +12.2% compared to 2020, due to the strong recovery of the factoring and leasing business, especially in Poland. The underlying cost/income ratio excluding SRF showed improvement, dropping 2 percentage points compared to 2020 to stand at 52.6%. This has led to a strong increase in underlying **gross operating income** (+16.7%). The **cost of risk** fell significantly (-37.5%), reflecting strong provisioning for performing loans in 2020 in the context of the crisis. Finally, underlying **net income Group share** increased significantly (+43.5%) to €145 million.

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[80] In third quarter 2021, full consolidation of SoYou on a line-by-line basis versus equity-accounted consolidation at 50% previously. Excluding this effect, +2.6% increase in revenues at constant scope

[81] 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

Retail Banking

The Crédit Agricole S.A. **Retail banking** activity was very dynamic this quarter, driven at LCL by the production of housing, corporate, and SME and small business loans, and at Crédit Agricole Italia by dynamic commercial activity.

Loan production at LCL was up sharply compared with fourth quarter 2020 (+24%[82]) for housing (€5.2 billion, +31%) and corporates (+31%[82]). The production of loans for SMEs and small businesses was stable over the period and reached a record level for the year. In this context, **loans outstanding** reached €150.6 billion at end December 2021 and were up +5.0% since end December 2020, including +7.3% for real estate loans and +6.0%[83] for loans to SMEs and small businesses. **Home loan renegotiations** remained at a low level (€0.5 billion outstanding this quarter) compared to €0.2 billion in fourth quarter 2020 and €0.5 billion in third quarter 2021, still far below the high point of €5.2 billion in fourth quarter 2016. **On-balance sheet deposits** rose compared to December 2020 (+5%), driven by DAVs (+12.2%), as did **off-balance sheet savings**, which were up by +7% year-on-year (including +5.2% in life insurance). Finally, **customer capture** remained dynamic with 74,000 new customers this quarter and 335,000 new customers in 2021, and the customer base has grown by +36,000 since the beginning of the year. The **equipment rate** of car, home, health, legal, all mobile phones or personal accident insurance is up by +1.1 percentage point compared to end December 2020 (+2.9 percentage points compared to end December 2018) to 26.6% at end December 2021.

CA Italia's loan production remained very dynamic in the fourth quarter, driven in particular by growth in corporate loans. In 2021, production remained very dynamic at nearly €8 billion (-2.1% compared to 2020), particularly in home loans (+18.1% compared to 2020) and despite a lower production of corporate loans due to a base effect in 2020 linked to the implementation state-guaranteed loans (-20.1%). In addition, CA Italia has disposed of €1.5 billion in doubtful loans in fourth quarter 2021. Thus, at 31 December 2021, loan outstandings stood at €59.4 billion. Excluding the scope effect related to the consolidation of Credito Valtellinese in second quarter 2021, loan outstandings in Italy totalled €45.5 billion, stable by +0.1% year-on-year, driven by home loans (+4.9% year-on-year). Excluding loan disposals for €1.5 billion, the growth in loans for the historical scope was +3.4%. Balance sheet inflows continued to slow down (+2.3% Dec/Dec excluding the Credito Valtellinese scope effect), reflecting the resource optimisation policy initiated in December 2020. CA Italia's assets under management rose sharply year-on-year (+8.9% Dec/Dec excluding scope effect) with record net customer flows of €3.0 billion over 2021. Its equipment rate in car, multi-risk household, health, legal, all mobile phones or personal accident insurance increased to 19.0% (+1.9 percentage points from end December 2020, +3.6 percentage points from end 2019).

Finally, for all the International retail banking excluding Italy, the growth in commercial activity remained rapid. Growth in loan outstandings reached +9.2% at end December 2021 compared to end December 2020 and +5.8% excluding foreign exchange impact, driven in particular by Ukraine (+21%), Poland (+12%) and Egypt (+15%), to total €12.8 billion. On-balance sheet deposits were up +8.0% excluding foreign exchange impact, especially in Ukraine (+8%) Poland (+17%) and Egypt (+16%). Total inflows rose by +8.0% year-on-year and by +4.2% excluding the foreign exchange impact to €17.2 billion. The result was a surplus of deposits over loans in International retail banking outside Italy of +€2.9 billion at 31 December 2021.

[82] *Excluding state-guaranteed loans*
[83] *Including state-guaranteed loans*

French retail banking

In fourth quarter 2021, LCL's underlying **revenues** amounted to €930 million, a year-on-year increase of 3% compared with fourth quarter 2020. This increase was driven by a strong rise in fee and commission income in all activities (7.6%). Underlying **operating expenses excluding SRF** remained under control at +0.7% in fourth quarter 2021 compared with fourth quarter 2020. As a result, the underlying **cost/income ratio excluding SRF** improved (-1.5 percentage point compared with fourth quarter 2020) to 64.9% in fourth quarter 2021 (below the MTP target <66%), while underlying **gross operating income** rose sharply year-on-year (+7.5%). **Cost of risk** dropped by 39.1% compared with fourth quarter 2020 against the backdrop of an improved economic outlook, and reached -€54 million in fourth quarter 2021. The **doubtful loans ratio** remained stable (1.5% at end December 2021 compared with 1.5% at end September 2021) and the **coverage ratio** remained high (83.2% at end December 2021 compared with 83.5% at end September 2021). In the end, **underlying net income Group share** reached €199 million in fourth quarter 2021, up sharply year-on-year (+42.1%).

In 2021, LCL's underlying revenues increased by 4.5% compared with 2020, reaching €3,696 million, driven in a balanced way by, on the one hand, net interest margin (+4.5%) supported by good refinancing conditions and sustained commercial activity and, on the other hand, by fee and commissions income (+4.5%). Underlying costs excluding SRF were under control (+1.0%). This led to an improvement in the underlying cost/income ratio excluding SRF of -2.2 percentage points compared with 2020, which stood at 62.2%. Underlying gross operating income thus increased by nearly 10%. The cost of risk continued to fall and stood at -€222 million, i.e. down 43.2% compared with 2020. All in all, the business line's contribution to underlying net income Group share rose sharply by +41.3%.

At 31 December 2021, the **capital allocated** to the business line was €4.8 billion and **risk weighted assets** were €50.3 billion.

LCL's underlying return on normalised equity (**RoNE**) stood at 15.2% for 2021 compared with 9.7% for 2020.

International retail banking

The International Retail Banking division's underlying revenues increased by 19.1% to €824 million in fourth quarter 2021 and by 0.8% on a like-for-like basis excluding the Creval acquisition in Italy. Underlying expenses excluding SRF increased by +31.0% to €594 million in fourth quarter 2021. At constant scope, this change was +7.3%. As a result, underlying gross operating income was down from fourth quarter 2020 to stand at €231 million, a decrease of -3.5% (-11.5% at constant scope). The underlying cost of risk rose +0.4% this quarter to -€132 million but was down -38.2% excluding the Creval acquisition. In the end, the International Retail Banking division's underlying net income Group share came to €62 million, down -11.0% compared with fourth quarter 2020. On a like-for-like basis (excluding Creval losses of -€11 million linked to the transition to a high cost of risk), the contribution of International Retail Banking rose by +5.0%.

In 2021 underlying revenues for the International Retail Banking division rose by +17.2% to €3,115 million. Underlying operating expenses excluding SRF increased by +15.7% to €1,976 million, resulting in a -0.8 percentage point improvement in the underlying cost/income ratio which stood at 63.4%. Cost of risk fell by -23.5% to stand at €435 million for 2021. This translates into a net income Group share of €357 million for 2021, up 58.8% compared with 2020.

Italy

In fourth quarter 2021, CA Italia's underlying revenues were up +21.8% compared with fourth quarter 2020 and stood at €597 million, including €126 million from the consolidation of Credito Valtellinese. Excluding this scope effect, CA Italia's revenues were down -4.0% compared with fourth quarter 2020, impacted by the disposal of doubtful loans amounting to €1.5 billion in the fourth quarter (see below) as well as the pressure on interest margins. Fee and commission income remained up by +2% compared with fourth quarter 2020, still supported by fee and commission income from outstanding managed savings. Underlying costs were up compared with fourth quarter 2020 (+40.7%) at €451 million, of which €107 million were related to Credito Valtellinese. Excluding this scope effect, costs would have increased by 7.2%, but remained stable (+0.7% compared with fourth quarter 2020) excluding costs related to the contribution to the FITD (Italian deposit guarantee fund). Overall, underlying gross operating income recorded a substantial drop of -14.0% versus fourth quarter 2020 (-25.2% excluding scope effect). Cost of risk increased by +4.3% compared with fourth quarter 2020 with significant provisions on the Creval scope for performing loans, in order to bring the bank in line with Credit Agricole Italia's practices. The risk profile of the historical CA Italia scope has also been improved by the disposal of doubtful loans for €1.5 billion. The doubtful loan ratio at 31 December 2021 for Crédit Agricole Italia's historical scope was 3.7%, down 2.6 percentage points compared with the third quarter of 2021. The coverage ratio of doubtful loans on Crédit Agricole Italia's historical scope was therefore 68.3%, reinforced by the exceptional provision of €125 million reclassified as specific items. On the Creval scope, on the other hand, the coverage ratio was low in the fourth quarter, as the loans were brought to the Group's balance sheet at their net provision value as required by accounting standards. As a result, CA Italia's coverage ratio at 31 December 2021 was 62.0% (down 7.2 percentage points). CA Italia's net income group share thus amounted to €21 million, down -35.8% compared with the fourth quarter of 2020, with the underlying contribution of -€11 million this quarter for Creval weighing on the business line's profitability. CA Italia's net income group share on its historical scope was therefore stable this quarter (-2.0%).

During the quarter, the CreVal consolidation process continued according to schedule.

The accounting consolidation of Credito Valtellinese was completed this quarter, with the PPA being finalised in the fourth quarter. As a result, Credit Agricole Italia recognised a 100% net badwill of €497 million over the financial year, including €119 million in the fourth quarter of 2021 (i.e. a respective impact of €376 million and €90 million on net income group share, with these items being reclassified as specific items). The due diligence and Creval consolidation operations also gave rise to other adjustments, also classified as specific items: the recognition of off-balance sheet deferred tax assets for €105 million (€80 million in net income group share), -€14 million in other adjustments following due diligence work (-€9 million in specific items) and costs for upgrading and migrating the technological infrastructure and the IT platform (-€47 million in integration costs over 2021, including -€23 million in the fourth quarter alone; impact on net income group share of -€24 million and -€12 million respectively).

In order to prepare for the future, Credit Agricole Italia has also initiated certain transformations. In Italy, the Group has launched a substantial Next Generation HR plan, which will result in the departure of approximately 1,100 employees through a job preservation plan and retirements, and approximately 550 new hires. €190 million was accounted for in the fourth quarter to finance this plan (impact of -€97 million on net income group share; reclassified as specific items). CA Italia also made a significant disposal of its non-performing loans portfolio this quarter, amounting to €1.5 billion, in order to improve the Group's risk profile (cost of risk impact of -€194 million) and accounted for additional provisions on its residual portfolio, in order to comply with the Group's new risk policies, amounting to -€125 million. These items impacting the cost of risk have been reclassified as specific items for a total impact on net income Group share of -€161 million. Lastly, CA Italia successfully concluded the takeover bid for CA FriulAdria in September 2021 and now holds more than 99% of the share capital of this structure, enabling it to prepare for the merger of the bank into CA Italia.

Crédit Agricole Italia's underlying revenues rose by +24.8% over the full year to €2,279 million (+4.5% excluding scope effect). Operating expenses excluding SRF were kept under control (+24.3% but +1.7% excluding scope effect), improving the underlying cost/income ratio excluding SRF to 62.3% (an improvement of -1.8 percentage points Dec/Dec on a like-for-like basis and -0.2 percentage point excluding scope effect). Underlying cost of risk fell sharply in 2021 to €347 million (-18.9% and -40.9% excluding the scope effect), benefiting from a very high 2020 base. This resulted in a very strong increase in CA Italia's contribution over the financial year to €244 million in underlying income, i.e. +69.3% compared with 2020 and +61.7% in underlying income on a like-for-like basis.

CA Italia's underlying RoNE for 2021 was 9.0%.

Crédit Agricole Group in Italy

The Group's income in Italy stood at €751 million for 2021, an improvement of +31% compared with 2020, due to the growth in operating income, the scope effect related to Creval and the decrease in the cost of risk of the Group's subsidiaries in Italy. During the year, the Group's business lines all strengthened in Italy. CA Italia was ranked second in Italy in terms of customer satisfaction[84]. Amundi, with nearly €200 billion in assets under management, had an excellent year in terms of activity with net inflows of €12 billion over 2021, including €5 billion in the fourth quarter. In insurance, the market share of life contracts increased by 1.5 percentage points to 6.8% thanks to the development of sales of unit-linked products[85]. The property and casualty business continued to grow with the continuation of customer equipment rates in a strong competitive environment. For its part, CACIB was ranked second bookrunner LT in transactional value of syndicated loans in Italy[86], while Agos confirmed its position as the second largest operator in Italy for consumer loans with a market share of 8.9% in 2021 (up 70 basis points compared with 2020)[87].

International Retail Banking – excluding Italy

In August 2021, Crédit Agricole S.A. announced the disposal of its Serbian subsidiary, Credit Agricole Srbija A.D., which is expected to be completed in first half 2022. The results of this entity for the year were thus reclassified under IFRS 5 during the third quarter, impacting all income lines for International Retail Banking excluding Italy.[88]

On a like-for-like basis[88], the entities' revenues grew strongly, with the development of the business and the absorption of the 2020 key rate cuts in the various countries. Underlying revenues on a like-for-like basis of International retail banking excluding Italy rose by 20.3% compared with fourth quarter 2020, at €227 million. Underlying costs excluding SRF on a like-for-like basis increased (14.7% compared with fourth quarter 2020) reflecting the weight of IT investments, the resumption of commercial campaigns as well as inflationary pressures. As a result, the underlying cost/income ratio excluding SRF of International retail banking excluding Italy was 62.6%, down 2.9 percentage points compared with fourth quarter 2020. Underlying gross operating income on a like-for-like basis was therefore up (€ 30.9%) compared with fourth quarter 2020. The cost of risk fell (-19.2% compared to fourth quarter 2020) to -€14 million. The rate of doubtful loans was low at 6.6% at end December 2021, decreasing in particular with the disposal of a portfolio of doubtful loans in Poland. The coverage ratio is at a high level of 100%. AT the end, the underlying net income Group share on a like-for-like basis was €38 million, up +12.4% compared with fourth quarter 2020.

By country:

- Poland[89]: revenues were up sharply (+24%), driven by the capture and development of fee and commission income; expenses increased by (+14%) reflecting IT investments in the networks as well as the launch of advertising campaigns to support the capture. The doubtful loans coverage ratio reached 104%.
- CA Egypt[89]: gross operating revenue rose +11% compared with fourth quarter 2020 and the cost/income ratio remained below 40%.

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[84] Sources: CAI - DOXA IRC Strategic 2021 Survey;
[85] Insurance – IAMA Consulting, Quarterly Reports
[86] Refinitiv and Dealogic
[87] Assofin
[88] Detailed reclassification impact in IFRS 5 of CA Sbrija A.D. See appendix 6
[89] Excluding foreign exchange impact

- CA Ukraine[89]: revenues remained strong (up +24% compared with fourth quarter 2020) owing to a good level of activity. Costs remained contained in a strong inflationary context and the doubtful loan rate remained low at 1.1%.
- Crédit du Maroc[89]: activity and revenues remained steady and the cost of risk benefited from provision reversals.

In 2021, the underlying revenues of retail banking excluding Italy increased by 0.4% to €836 million (+6.6% on a like-for-like basis) thanks to the gradual absorption of decrease in key rates that took place in 2020 and to the strong development of the commercial activity. Operating expenses excluding SRF increased by 3.1% (3.2% on a like-for-like basis) to €522 million, reflecting IT investments and inflationary pressure in these countries. This led to a slight improvement in the underlying cost/income ratio excluding SRF, which stood at 62.5%, down more than 2 percentage points compared with 2020. Cost of risk is down, illustrating the quality of the credit portfolios and their coverage. In the end, the business line's contribution to net income Group share rose sharply over the year, by 39.9% to €113 million (51.7% on a like-for-like basis).

The underlying RoNE of Other IRB stood at 14.4% in 2021, compared with 12.3% in 2020.

The International retail banking business line contributed for 6% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding the Corporate Centre division) in 2021 and 14% to underlying revenues excluding the Corporate Centre division.

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

As at 31 December 2021, the capital allocated to the division was €9.7 billion, including €4.8 billion for French retail banking and €4.9 billion for International retail banking. Risk weighted assets for the division totalled €101.6 billion including €50.3 billion for French retail banking and €51.4 billion for International retail banking.

Corporate Centre

The underlying net income Group share of the Corporate Centre division was -€26 million in fourth quarter 2021, up +€225 million compared with fourth quarter 2020. An analysis of the negative contribution of the Corporate Centre looks at both the "structural" contribution (-€109 million) and other items (+€83 million).

The contribution of the "structural" component rose compared with fourth quarter 2020 (+€106 million) due to the improvement of the balance sheet structure, as well as the increase in revenues of the division's other business lines. This contribution includes three types of activities:

- The activities and functions of the Corporate Centre of the Crédit Agricole S.A. corporate entity. This contribution reached -€175 million in fourth quarter 2021, up +€20 million compared with fourth quarter 2020, in line with the improvement of the balance sheet structure.
- 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, at +€63 million in fourth quarter 2021, rose by €58 million compared with fourth quarter 2020, explained by the increase in CACIF revenues, linked to disposals and the revaluation of certain funds.
- The Group's support functions. Their contribution of +€2 million this quarter rose by €29 million from fourth quarter 2020, mainly due to higher revenues from Crédit Agricole Payment Services.

The contribution of "other items" amounted to +€83 million, up €119 million from fourth quarter 2020, due to a positive impact of non-Group dividends and inflation on the valuation of hedging swaps.

Over 2021, the underlying net income Group share of the Corporate Centre division was -€463 million, an improvement of €270 million compared with 2020. The structural component contributed -€694 million and other items of the division recorded a positive contribution of +€232 million over 2021

The “structural” component contribution is up €69 million compared with 2020 and can be broken down into three types of activities:

- The activities and functions of the Corporate Centre of the Crédit Agricole S.A. corporate entity. This contribution amounted to -€833 million for 2021, down by €87 million compared with 2020;
- The business lines that are not part of the business line divisions, 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 +€130 million over 2021 was up compared with 2020 (+€145 million).
- Group support functions: their contribution over 2021 was +€9 million, up €14 million compared with 2020, notably due to a change in 2021 in the way CAGIP income and expenses are recognised.

The contribution of “other items” in 2021 was +€232 million, up €201 million compared with 2020, notably due to the positive impact of non-Group dividends and inflation on the valuation of hedging swaps in fourth quarter 2021, and, in particular, in the second and third quarters of 2021, eliminations on intra-group securities underwritten by Predica and Amundi.

At 31 December 2021, risk-weighted assets stood at 25.7 billion euros.

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Financial strength

Crédit Agricole Group

As at 31 December 2021, the **phased-in Common Equity Tier 1 (CET1) ratio** of Crédit Agricole Group was 17.5%, an increase of +0.1 percentage points compared to end September 2021. Therefore, Crédit Agricole Group posted a substantial buffer of +8.6 percentage points between the level of its CET1 ratio and the 8.9% SREP (Supervisory review and evaluation process) requirement. The fully loaded CET1 ratio is 17.2%.

- **Retained income**: +38 basis points in stated income: and -8 basis points in distribution and payment of AT1 coupons.
- **Business line growth** (“risk weighted assets variation”): -14 bp concentrated mainly on Regional Banks.
- **Additional distribution**: an additional distribution of €0.20 per share for the 2019 dividend catch-up (-4 bp) as well as the impact of the second share buyback (-9 bp) are also included.
- **M&A**: taking into account recent acquisitions: Olinn -4 bp, Lyxor -8 bp, ByMyCar -1 bp, Creval +1 bp (including badwill for +6 bp, and various other items for -5 bp, notably DTA)
- **Other**: includes in particular an impact related to capital increases, the one reserved for employees (+4 bp) as well as the one related to issuance of new mutual shares (+3 bp).

The **phased-in leverage ratio** stood at 6.1%, +0.1 percentage point compared to end September 2021 (5.4% before the exclusion of ECB exposures) and well above the regulatory requirement of 3.11%[90]. The daily phased-in leverage ratio was 5.5% at 31 December 2021[91] before the exclusion of ECB exposures.

The Crédit Agricole Group’s **risk weighted assets** increased by €2.8 billion compared with 30 September 2021, including €1.6 billion for Regional Banks.

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 31 December 2021, **Crédit Agricole Group** posted a buffer of **772 basis points above the MDA trigger, i.e. €45 billion in CET1 capital**.

At 31 December 2021, **Crédit Agricole S.A.** posted a buffer of **335 basis points above the MDA trigger, i.e. €13 billion in CET1 capital**.

[90] 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 included. The Crédit Agricole Group applies this provision and must, therefore, comply with a leverage ratio requirement of 3.11% during this period.

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

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.

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 set at 0.02% for the CA Group at 31/12/21). Considering the combined capital buffer requirement, the Crédit Agricole Group must adhere to a TLAC ratio of above 19.5%;
- 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 31 December 2021, **Crédit Agricole Group's TLAC ratio** stood at **26.3% of RWA and 8.7% of leverage ratio exposure, excluding eligible senior preferred debt**[92], which is well above the requirements. The TLAC ratio excluding eligible senior preferred debt expressed as a percentage of risk weighted assets increased by 30 bp over the quarter, as the moderate increase in RWAs was more than offset by the increase in eligible equity and liabilities. Expressed as a percentage of leverage exposure (LRE), the TLAC ratio excluding eligible senior preferred debt climbed 20 bp compared with September 2021. Without taking into account the neutralisation of Central Bank exposures, such TLAC ratio expressed in LRE would have reached 7.8% (+20 bp compared with September 2021).

The Group thus has a TLAC ratio excluding eligible senior preferred debt that is 680 bps higher, i.e. €40 billion, than the current requirement of 19.5% of RWA. Compared with the new requirements applying from 1 January 2022, such TLAC ratio is 480 bp, or €28 billion higher, than the TLAC requirement expressed in RWA (i.e. at 21.5% RWA + countercyclical buffer as of 31 December 2021).

Achievement of the TLAC ratio is supported by a **TLAC debt issuance programme of around €7 billion in the wholesale market in 2021.** At 31 December 2021, €6.3 billion equivalent had been issued in the market (senior non-preferred and Tier 2 debt); the amount of the Crédit Agricole Group senior non-preferred debt taken into account in the calculation of the TLAC ratio was €26.1 billion.

[92] *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 and 2022.*

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. Under BRRD2, the MREL ratio is calculated as the amount of eligible capital and liabilities expressed as a percentage of risk weighted assets (RWA), as well as a leverage ratio exposure (LRE). Eligible for the numerator of the total MREL ratio are the Group's regulatory capital, as well as eligible liabilities issued by the central body and its affiliated entities, i.e. subordinated notes, senior non-preferred debt instruments and certain senior preferred debt instruments with residual maturities of more than one year.

The required minimum levels are set by decisions of resolution authorities and then communicated to each institution, then revised periodically. As from 1 January 2022, the Crédit Agricole Group must meet a minimum total MREL requirement of:

- 21.04% of 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 set at 0.02% for the CA Group at 31/12/21). Considering the combined capital buffer requirement, the Crédit Agricole Group must adhere to a total MREL ratio of above 24.6%;
- 6.02% of the LRE.

At 31 December 2021, the **Crédit Agricole Group had an estimated MREL ratio of 30.5% of RWA and 10.1% of leverage exposure**, well above the total MREL requirement.

An additional subordination requirement to TLAC ("subordinated MREL") is also determined by the resolution authorities and expressed as a percentage of RWA and LRE, in which senior debt instruments are excluded, similar to TLAC, whose ratio is equivalent to the subordinated MREL for the Crédit Agricole Group. At 1 January 2022, this subordinated MREL requirement for the Crédit Agricole Group did not exceed the TLAC requirement.

The distance to the maximum distributable amount trigger related to MREL requirements (M-MDA) is the lowest of the respective distances to the MREL, subordinated MREL and TLAC requirements expressed in RWA.

At 31 December 2021, **the Crédit Agricole Group** would thus have a buffer of **480 bp above the M-MDA trigger, taking into account the TLAC requirement applicable as of 1 January 2022, i.e. €28 billion of CET1 capital.**

Crédit Agricole Group's target is to reach a subordinated MREL ratio (excluding eligible senior preferred debt) of 24-25% of the RWA by the end of 2022 (a goal achieved in September 2020) and to maintain the subordinated MREL ratio above 8% of TLOF[93]. 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 31 December 2021, the subordinated MREL ratio reached 8.6% of TLOF.**

[93] *Total Liabilities and Own Funds (TLOF) – equivalent to the total prudential balance sheet after netting of derivatives*

Crédit Agricole S.A.

At end December 2021, Crédit Agricole S.A.'s solvency level remained high, with a **phased-in Common Equity Tier 1 (CET1) ratio of 11.9%** (down 0.8 percentage point from end September 2021). Crédit Agricole S.A. therefore had a substantial buffer of 4 percentage points between the level of its CET1 ratio and the 7.9% SREP requirement. The fully loaded CET1 ratio is 11.6%.

- **Retained income**: +36 bp in reported earnings and -21 bp in distribution and payment of AT1 coupons for the fourth quarter (dividend provision of €0.24 per share for the quarter based on a 50% distribution policy bringing the annual provision to €0.85 per share).
- The annual dividend provision is completed on one hand by the continued catch-up of the 2019 dividend by €0.20 per share (-16 bp), on a total of €0.40 per share, as well as by the finalisation of the second share buyback tranche (for € 500 million, or -14 bp). The total dividend provision for the year 2021 is therefore €1.05 per share.
- **Business line growth** ("risk weighted assets variation"): - 6 bp, with an impact concentrated in Specialised Financial Services.
- **M&A**: -16 bp, linked to the finalisation of acquisition operations: Olinn -6 bp, Lyxor -12 bp, ByMy Car -1 bp and Creval +2 bp (the badwill of +10 bp being offset by other items for -8 bp, DTA notably).
- **Switch and others**: -47 bp, mainly due to the unwinding of the remaining 50% of the Switch insurance guarantee (-60 bp). Other elements were added, notably the capital increase reserved for employees (+6 bp) and a positive foreign exchange impact over the quarter.

The phased **leverage ratio** stands at 4.6% at end December 2021 compared with a requirement of 3.18%[94]. The leverage ratio before neutralisation of ECB exposures is 3.9%, stable compared with the end of September 2021. The phased-in **daily leverage ratio**[95] was 3.8% before the exclusion of ECB exposures.

Crédit Agricole Group's risk weighted assets were up €19 billion compared with 30 September 2021, mainly due to the unwinding of the remaining 50% of the switch insurance guarantee (+€17 billion). The rest of the increase was recorded in Specialised Financial Services (€1.3 billion), resulting notably from the peak in activity in fourth quarter 2021 for CAL&F, and in Large Customers (€0.4 billion).

[94] *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 included. Crédit Agricole S.A. applies this provision and must, therefore, comply with a leverage ratio requirement of 3.18% during this period*

[95] *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*

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 €67 billion at end-December 2021. Similarly, €93 billion in repos/reverse repos were eliminated insofar as these outstandings reflect the activity of the securities desk carrying out securities borrowing and lending operations that offset each other. Other nettings calculated in order to build the cash balance sheet—for an amount totalling €138 billion at end-December 2021—relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by the Corporate and Investment banking division 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 (€71 billion at end-December 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". In fact, T-LTRO 3 transactions are similar to long-term secured refinancing transactions, identical from a liquidity risk standpoint to a secured issue.

Medium to 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 €1,630 billion at 31 December 2021, the Group's banking cash balance sheet shows **a surplus of stable funding resources over stable application of funds of €279 billion**, down €14 billion compared with end September 2020 and up €14 billion compared with end December 2020.

Total T-LTRO 3 outstandings for the Crédit Agricole Group amounts to €162 billion[96] at 31 December 2021. It should be noted that the interest rate applicable to the refinancing rate of these operations is accrued over the drawdown period. The special interest rate is accrued over the related special interest rate period. The special interest rate applicable to the refinancing rate for these operations for the second period (June 2021 to June 2022) was taken into account in Q4 2021 for all drawdowns.

The Group once again recorded momentum in commercial activity during the quarter, with an increase of €15 billion in inflows and €29 billion in loans.

The surplus of 279 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,

[96] *Excluding FCA Bank*

own funds). Internal management excludes the temporary surplus of stable resources provided by the increase in T-LTRO 3 outstanding in order to secure the Medium-Term Plan target of more than €100 billion, irrespective of the future repayment strategy.

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

Furthermore, given the excess liquidity, the Group remained in a short-term lending position at 31 December 2021 (central bank deposits exceeding the amount of short-term net debt).

Medium-to-long-term market resources were €344 billion at 31 December 2021, down €3 billion compared with end September 2021, and up €23 billion compared with end December 2020.

They included senior secured debt of €222 billion, senior preferred debt of €72 billion, senior non-preferred debt of €29 billion and Tier 2 securities amounting to €21 billion.

At 31 December 2021, the Group's liquidity reserves, at market value and after haircuts, amounted to €465 billion, down €4 billion from end September 2021 and up €27 billion from end December 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 €227 billion at 31 December 2021 (excluding cash and mandatory reserves), down -€16 billion compared to end September 2021 and up +€41 billion compared to end December 2020.

Crédit Agricole Group also continued its efforts to maintain immediately available reserves (after recourse to ECB financing). Central bank eligible assets after haircuts amounted to €113 billion.

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

The average LCR ratios over 12 months at 31 December 2021 were respectively 170.9% for Crédit Agricole Group and 153.0% for Crédit Agricole S.A. They exceeded the Medium-Term Plan target of around 110%.

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.

In 2021, the Group's main issuers raised the equivalent of €30.0 billion[97] in medium-to-long-term debt on the markets, 28% of which was issued by Crédit Agricole S.A. Noteworthy events in 2021 for the Group were as follows:

- Crédit Agricole Assurances issued a Tier 2 10 year bullet bond in September for €1 billion to refinance intra-group subordinated debt.
- Crédit Agricole next bank (Switzerland) has completed two covered bond issuances this year for CHF350 million, including an inaugural covered bond issuance in Green format at 10 years for CHF150 million in September;
- Crédit Agricole Italia issued a first Green covered bond for €500 million at 12 years in March.

In addition, €4.3 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 at 2021.

In 2021, Crédit Agricole S.A. completed 95% 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 €8.5 billion[98], of which €4.2 billion in senior non-preferred debt and €2.1 billion in Tier 2 debt, as well as €0.7 billion in senior preferred debt and €1.5 billion in senior secured debt. The funding is diversified with various formats and currencies (EUR, USD, AUD, GBP, JPY, CNY, CHF, NOK).

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[97] *Gross amount before buy-backs and amortisations*
[98] *Gross amount before buy-backs and amortisations*

The 2022 refinancing programme amounts to €13 billion[99], of which €7 billion of senior preferred or senior collateralised debt and €6 billion of TLAC eligible debt (non-preferred senior debt or Tier 2 debt). At the end January 2022, 32%[100] of the funding plan was realised.

Note that on 5 January 2022, Crédit Agricole S.A. issued a perpetual NC7.7 year AT1 bond for USD1.25 billion at an initial rate of 4.75%.

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[99] *Gross amount before buy-backs and amortisations, excluding AT1 issuance*

[100] *Gross amount before buy-backs and amortisations, excluding AT1 issuance*

ECONOMIC AND FINANCIAL ENVIRONMENT

2021 RETROSPECTIVE

Global economic performance continued to be largely conditioned by the spread of the virus and the health response (roll-out of vaccination, containment strategy), the structure of the economies (relative weight of industry and services, including tourism), and the fiscal and monetary counter-offensive (extent of support for activity). **As with the recessions experienced in 2020, recovery paths have remained uneven. China, boosted by its foreign trade and growing at a rate of 8.1%, the United States and then the Eurozone, which posted very good performances, continued to be contrasted with the half-hearted recoveries or fragile rebounds of many emerging countries, in which the trend towards fragmentation was clearly confirmed.**

Moreover, **inflation**, long forgotten, has returned to the forefront. The very sharp acceleration was the result of a combination of several factors: upstream pressures with strong increases in commodity prices and bottlenecks[101], downstream pressures from the strong rebound in household consumption supported by substantial financial aid and high savings inherited from the 2020 crisis, and base effects after very low inflation in 2020. While supply remained limited at the end of the crisis (lack of labour or goods), the normalisation of demand led to price increases in specific sectors, particularly those previously heavily penalised by the pandemic (hotels, restaurants or cars, for example).

In the **United States**, after Donald Trump's US$2.2 trillion Coronavirus Aid, Relief and Economic Security Act (CARES Act), the largest support plan in US history, and the US$900 billion December plan (a total of about 14% of GDP), Joe Biden's stimulus package (the American Rescue Plan) totalling $1.9 trillion, or about 9% of GDP, was rolled out in March. Households, mainly those with low incomes, were the main beneficiaries. Thanks to the strong recovery in consumption, further boosted by the rapid fall in unemployment, growth has stood at 5.7% in 2021. In December, overall year-on-year inflation reached 7% (the first time this has happened since the early 1980s), with core inflation at 5.5%, its highest level since the early 1990s. In addition to the impact of energy and industrial input prices, some specific items (e.g. new cars, but especially used cars) driven by strong demand contributed to the acceleration of inflation.

The **Eurozone** has withstood the latest lockdown phases by limiting the negative effects to the sectors subject to targeted restrictive measures and by benefiting from the reactivation of its manufacturing sector. A pleasant surprise came from strong production investment supported by the strength of demand for manufactured goods, but also by the European funds of the recovery plan. After contracting by 6.5% in 2020, GDP is expected to grow by 5.2% in 2021. While excess demand and wage acceleration are much less evident than in the United States, headline inflation nevertheless picked up significantly to 5% year-on-year in December, while core inflation rose less vigorously (2.6%).

After suffering an 8% recession in 2020, **France** started a strong recovery in the second half of 2020 and continued into 2021. The new wave of infections and the spread of the Omicron variant raised new fears about the strength of the recovery in the short term, but the absence of very restrictive measures made it possible to limit the impact. After a marked mechanical rebound in the third quarter, growth slowed in the fourth quarter, while remaining sustained, allowing GDP to rise by 7% in 2021. Driven by the rise in commodity prices (especially energy, which accounts for more than half of the price increase), inflation accelerated to 2.8% over 12 months in December (1.6% on average).

Despite a shift in the Federal Reserve's rhetoric suggesting a more rapid normalisation of its monetary policy, an accommodative monetary stance was maintained in both the United States and the Eurozone.

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. However, concerns gradually shifted from growth to inflation which, after being considered temporary, became more worrying. At the same time, the Fed announced its strategy of gradual normalisation: gradual reduction of its monthly asset purchases

[101] As prices can be very volatile, it is preferable to use average annual prices. Between 2020 and 2021, the price of oil (Brent) rose by almost 70%, while the price of gas in Europe quadrupled. The CRB index has risen by 43%. Iron and copper prices rose by 46% and 51% respectively. Food prices were not spared, as evidenced by the 23% rise in wheat prices. Finally, the Baltic Dry Index almost tripled, reflecting the extremely high level of tension in maritime traffic.

(US$120 billion in force at the time) or tapering and then, without any pre-established timetable, raising its key rate (target range for the Fed Funds rate [0%, 0.25%]).

During its Federal Open Market Committee (FOMC) monetary policy meeting in June, the Fed made its first change, which consisted of a rise in its forecasts for the Fed Funds rate, combined with an upward revision of growth and inflation. The Fed prepared the markets by saying it would spell out in November just how it would carry on its tapering program. In early November the Fed announced it would cut back its monthly purchases by $15 billion, suggesting these would come to an end in June 2022, though the pace of tapering might be adjusted. Finally, the mid December meeting of the FOMC confirmed that monetary normalisation would go faster still, with tapering occurring at double speed and thus ending in March 2022. The reasons given for the speed-up were the breadth of the inflation and the quick progress made towards full employment, despite a few persistent disappointments in the participation rate. Jerome Powell also stated that a rate rise was possible before full employment is reached, should inflationary pressures remain concerning. Moreover, the Dot Plot[102] signalled a more aggressive upward path for the key rate.

In the **eurozone**, while the ECB in June also acknowledged the firming taking place and revised upward its growth and inflation forecasts, it reiterated the very accommodative and flexible orientation of its monetary policy. In December the ECB restated its growth and inflation scenario and presented its monetary strategy.

The ECB revised its inflation forecast for 2022 upward (from 1.7% to 3.2%), though much more moderately for 2023 (from 1.5% to 1.8%), and its 2024 projection of 1.8% remains lower than the 2% target. The ECB seems to be saying that inflation will be transitory, largely caused by supply issues having limited effect on core inflation (at 1.9% in 2022 and 1.7% in 2023.) The negative impact on growth (revised downward from 4.6% to 4.2% in 2022) is presumed to be moderate and brief. Inflation should temporarily erode purchasing power without derailing growth, which is revised upward to 2.9% in 2023.

In terms of strategy, the ECB stated that the removal of emergency support would be accompanied by significant yet flexible attention to the sovereigns market. The point there is to prevent, on one hand, an over-steepening of the yield curve and on the other, any risk of eurozone fragmentation[103] The ECB reaffirmed that before its key rate is raised, three conditions must be met: (1) Inflation has to reach the 2% target well before the ECB's forecasting horizon; (2) this target must be reached lastingly, out to the forecasting horizon; and (3) the progress achieved on core inflation must be sufficiently great that it is compatible with stabilising inflation to its medium-term target level. Respecting the most current forecasts, these conditions have not been met.

Bond markets have kept step with a few major themes: an enthusiastic first quarter buoyed by reflation trading, a gloomier second quarter gripped by the reality of the pandemic, and a second half displaying lively growth yet also distinctly more troubling inflation, fuelling a faster monetary normalisation scenario in the U.S.

In the **United States**, the two-year interest rates[104] kept pace with the monetary scenario. They stayed pegged to a low level (0.17% on average) and only started up, slowly, once monetary tightening was spoken of (September) and then more firmly with the acceleration of tapering late in the year, which they finished at 0.70%, for a rise on the year of 60 basis points. With reflation trading, prompted by more sustained expectations for growth and inflation, increasing vaccination rates and better-than-expected economic data, long rates rose sharply in the United States, and this rise spread into the eurozone. The U.S. 10-year rate, near 0.90% at the start of the year, started to climb and peaked at end-March near 1.75%. Bad news on the public health front then tempered the enthusiasm, and the bond markets took a more conservative position. After that, starting in September, the idea that accelerating inflation would cause monetary tightening in the U.S. to be more energetic than expected once again pushed interest rates higher. The U.S.10-Year rate ended the year at 1.50%, or a rise on the year of 60 basis points, was not impacted by the attention focused by the markets on inflation and monetary normalisation.

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[102] Clusters of dots showing the opinions of the members of the FOMC as to appropriate future federal funds rates. [the interest rate on fed funds deemed appropriate by the Governors] The median now indicates rate hikes of 25 basis points each, happening three times in 2022, three times in 2023 and twice in 2024. This is a faster and stronger tightening than projected in September, when the first hike was to happen in late 2022 or early 2023. These rises would put the target fed funds rate between 2% and 2.25% at end-2024.

[103] Purchases made under the PEPP emergency programme will therefore cease 31 March 2022, and the reinvestment period will be extended until year-end 2024, maintaining complete flexibility of purchases as between jurisdictions and asset classes. Assets purchases under the traditional APP programme will increase in 2022, from €20 billion per month to €40 billion in Q2, then decrease to €30 billion in Q3 and €20 billion in Q4, then kept up as long as necessary to augment the accommodative effects of key rates. Purchases will stop shortly before the increase in key rates.

[104] All interest rates mentioned refer to State borrowings.

In the eurozone, in sympathy with the first phase of recovery by the U.S. rates, the German 10-year rate (the Bund) rose from nearly -0.60% at 1 January to -0.10% in May. While the Fed proved to be 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. The Bund then headed downward. Whilst the German 2-year rate remained virtually level at -0.60% at end-2021 vs. -0.70% at end-2020, the Bund closed the year at -0.30%, or a rise on the year of 40 basis points. As a result of the ECB's statements about its process of purchasing sovereign securities, the risk premiums offered by France and Italy versus the Bund widened somewhat, with those spreads widening 13 and 24 basis points, respectively, but remained narrow, at 35 and 135 basis points, respectively. Though the prospect of elections in France does not seem to have affected the spread at this point, the Italian spread has been negatively impacted since November by their coming presidential elections.

The equity markets, still buoyed by the accommodative financing conditions, despite the normalisations to come, and by favourable growth prospects, at least in developed countries, have risen nicely, with the average annual rise in the S&P 500, Eurostoxx 50 and CAC 40 indices up +32%, +23%, +27%, respectively. Lastly, after resisting stoutly, the euro fell against the dollar given that monetary normalisation was further along in the U.S. than in Europe. The euro gained 3.6% against the dollar on average but fell late in the year. At 1.14 in December 2021, it lost nearly 7% on the year.

2022 OUTLOOK

Our scenario calls for a slowdown in growth, which ought to remain strong, as well as a slow moderation in inflation. Such a picture assumes that demand normalises and that supply chain bottlenecks break open. This twofold normalisation will allow inflation (particularly core inflation) to slow and the extraordinary measures of monetary support to be removed unhurriedly and without excessive impact on the bond markets.

Obviously, there is room for error in estimating inflation, which could be both higher and longer-lasting than expected. While the risk of significant growth in wages and of inflation settling in for a while at a higher level is more manifest in the United States, the fear in the eurozone arises rather from an erosion of purchasing power that might undermine growth. This, however, is not at present our primary scenario. Furthermore, at least in the advanced economies (thanks to high vaccination rates), the potential variants of the virus seem to hold back economic activity only temporarily and without causing disruption or even great interruption in people's behaviour. The uncertainly produced by the omicron variant was negative in the first quarter of 2022 but positive in the second quarter of 2022, without upsetting the major thrust of our scenario.

In the **United States**, growth should remain vigorous (3.8% in 2022) before gradually converging with its long-term trend (2.3% in 2023). It should benefit from strong consumption driven by an improved labour market, from an upward trend in wages (though limited to the sectors most affected by workforce shortages and so not triggering a wage-price spiral) and from the still untapped reservoir of savings, which is a safety net to help absorb a quick pick-up in inflation. This is a scenario favourable consumption but also to investment, since businesses remain optimistic despite disturbances in the supply-chain and the persistent, though diminishing, lack of labour.

The engines that most powerfully contributed to accelerating inflation in 2021 will continue to turn, both in the United States and elsewhere, at least during the first-half of 2022: Brisk, high inflation, particularly with the ongoing crisis in natural gas (whose price is extremely volatile but has more or less “stabilised” since October); repercussions on retail prices of higher-cost inputs (second-order effects with a maximum impact occurring about three quarters after the jolt to upstream prices); supply-chain problems (including semiconductors and containers); and bottlenecks that though less “choking” could continue for the greater part of 2022. In the second half-year 2022, assuming a stabilisation in energy prices, the base effects can be expected to be very favourable (i.e., a sharp year-on-year decline in energy prices and subsequently in the prices of goods) and the disturbances in the value chain should gradually subside.

Inflation in the United States, boosted by sharp trends in some specific components (such as the component of shelter known as Owner's Equivalent Rent, which does not exist in the eurozone, and more sharply rising wages leading to expectations of “third order” effects), is thought to remain very high in the first quarter, peaking near 7.5% year-on-year and yielding core inflation approaching 6.5%. Total inflation should then turn down, towards 3% for the 12 months ending 31 December 2022, bringing the yearly average to 5.4% as against 4.7% in 2021.

In the **eurozone**, the strength of the recovery has not yet filled the negative production gap and the exogenous inflationary shock does not appear able to alter the scenario of decelerating, if robust, growth, which should be 4.3% in 2022 and 2.5% in 2023. Aggregate demand, while running up against weak supply (logistical blockages, strained supply chains, and shortages of inputs and labour), also remains weak its rebound. It is just this weakness that leads one to expect restricted wage increases and temporary, if more persistent, higher inflation Just as in the U.S., a higher than expected rise in inflation is plainly the primary risk. This would impair growth through the erosion of purchasing power, rather than through any wage-price spiral. The possibility of a wage-price spiral that is of great concern to investors at the moment seems exaggerated.

Apart from the upward pressures already noted, inflation in the eurozone will be volatile but greatly influenced by technical factors, such as the weighting of components in the price index, the end of the VAT effect in Germany, and country-by-country pricing changes in energy contracts. Total and core inflation rates should settle on average, respectively, at 4.1% (2.4% in December for the year) and 2.4% (1.9% in December).

In **France**, consumer spending should benefit from higher purchasing power despite inflationary pressures. A surge in new jobs and lower unemployment rates should create confidence among households, which also enjoy surplus savings from the pandemic estimated at €150 billion. Investment will benefit from the recovery plan announced in the autumn of 2020 and the additional support in the France 2030 plan. Growth is expected to be

3.9% in 2022. As for inflation, high as it was at the start of the year, it should fall below 2% by year-end and average 2.6% in 2022.

Our scenario assumes high varied efforts at monetary normalisation, which is still preferred to monetary tightening. Depending on the strength of the inflation experienced or feared, and on the anticipated resistance of growth in their respective territories, the central banks are adopting very diverse patterns as they withdraw their various accommodations, which were as extraordinary as they were generous.

In the **United States**, the officials of the Federal Reserve consider inflation a major risk but in mid-January emphasized recovery in business and employment, judging the risk of setting up a wage-price spiral to be low. According to the Fed, inflation can be expected to start slowing down in the second half. The Fed began its tapering process, and the markets are now counting on four rises in the fed funds rate in 2022, including 50 basis points at the March meeting. We are counting on a target rate of 1% at end-2022.

In the **eurozone**, in contrast with the forward-moving Fed, the ECB is in no hurry and promises to remain accommodating and flexible for some time to come, as shown by the thrust of its monetary policy announced in December.

Monetary normalisation would not be accompanied by heavy strain on bonds. 2022 is expected to be divided into two sequences. After a first-half still stamped with both high growth and high inflation, providing the right moment for an upward move in interest rates, would come the motif of deceleration to bring them down.

In the **United States**, inflation figures have not as yet brought any over-reaction about interest rates. The 10-year Treasury note rate should thus rise before starting to pull back and settling at 1.35% at end-2022. In the **eurozone**, the way the ECB and the markets assess the risk of inflation and, just as much, the credibility of the ECB's diagnosis in the eyes of the markets will be critical. The rise in inflation and in its volatility should increase time premiums during the first half of 2022. In sympathy with the ebbing of growth and price pressures, rates should follow a downward slope in the second half. The German 10-year rate should return to zero (or even slightly positive) before falling back to -0.25% at end-2022. As the outlook fades for new recovery measures from the ECB, the messaging of the ECB will need to be as subtle as it is convincing to prevent a widening of spreads on peripherals. These could, however, widen slightly for a time. The risk premiums offered by France and Italy should be, respectively, 25 and 130 basis points above the Bund at end-2022.

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

Group Crédit Agricole – Specific items, Q4-21 and Q4-20, 2021 and 2020

€m	Q4-21		Q4-20		2021		2020	
	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)	1	1	18	13	6	4	11	8
Loan portfolio hedges (LC)	4	3	(30)	(21)	(17)	(13)	10	7
Home Purchase Savings Plans (LCL)	9	7	2	1	(1)	(1)	(14)	(9)
Home Purchase Savings Plans (CC)	22	16	(14)	(10)	22	16	(64)	(44)
Home Purchase Savings Plans (RB)	85	60	52	35	85	61	(81)	(55)
Liability management upfront payment (CC)	-	-	-	-	-	-	(41)	(28)
Support to insured clients Covid-19 (LCL)	-	-	-	-	-	-	(2)	(1)
Support to insured clients Covid-19 (AG)	-	-	-	-	-	-	(143)	(97)
Support to insured clients Covid-19 (RB)	-	-	-	-	-	-	(94)	(64)
Ongoing sale project NBI (WM)	-	-	-	-	(1)	(1)	-	-
Exceptional contribution on supplementary health insurance premiums (AG)	-	-	(22)	(15)	-	-	(22)	(15)
Reclassification of held-for-sale operations - NBI (IRB)	-	-	-	-	(2)	(2)	-	-
Total impact on revenues	**120**	**86**	**5**	**4**	**92**	**65**	**(439)**	**(298)**
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)	-	-	(7)	(3)	(4)	(2)	(19)	(9)
Transformation costs (LC)	(24)	(12)	-	-	(45)	(23)	-	-
Transformation costs (FRB)	-	-	-	-	(13)	(9)	-	-
Lyxor aquisition costs (AG)	(16)	(8)	-	-	(16)	(8)	-	-
Voluntary redundancy plan CA Italia	(190)	(109)	-	-	(190)	(109)	-	-
Ongoing sale project Expenses (WM)	-	-	-	-	(2)	(2)	-	-
Creval integrations costs (IRB)	(23)	(13)	-	-	(32)	(17)	-	-
Creval other adjustments	(19)	(12)	-	-	(19)	(12)	-	-
Exceptional contribution to the Italian banks rescue plan (IRB)	(25)	(14)	(11)	(7)	(25)	(14)	(11)	(7)
Reclassification of held-for-sale operations - Costs (IRB)	-	-	-	-	(1)	(1)	-	-
Total impact on operating expenses	**(297)**	**(168)**	**(18)**	**(11)**	**(347)**	**(197)**	**(96)**	**(79)**
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
Triggering of the Switch2 (RB)	-	-	-	-	-	-	(65)	(44)
Adjustement on switch 2 activation (RB)	-	-	-	-	-	-	28	19
Adjustement on switch 2 activation (GEA)	-	-	-	-	-	-	(28)	(19)
Creval - Cost of Risk stage 1 (IRB)	-	-	-	-	(25)	(21)	-	-
Disposal in receivables and additional provisioning of the portfolio CA Italia	(319)	(180)	-	-	(319)	(180)	-	-
Total impact on cost of credit risk	**(319)**	**(180)**	**-**	**-**	**(344)**	**(202)**	**0**	**0**
Provision recovery on FCA bank fine (SFS)	-	-	89	89	-	-	89	89
"Affrancamento" gain (SFS)	-	-	-	-	5	5	-	-
Total impact equity-accounted entities	**-**	**-**	**89**	**89**	**5**	**5**	**89**	**89**
Creval integrations costs (IRB)	-		-	-	1		-	-
Creval acquisition costs (IRB)	-	-	-	-	(16)	(9)	-	-
Total impact on Net income on other assets	**-**	**-**	**-**	**-**	**(15)**	**(9)**	**-**	**-**
Impairment CA Italia goodwill (CC)	-	-	(965)	(884)	-	-	(965)	(884)
Badwill Creval (IRB)	119	101	-	-	497	422	-	-
Total impact on change of value of goodwill	**119**	**101**	**(965)**	**(884)**	**497**	**422**	**(965)**	**(884)**
"Affrancamento" gain Tax (SFS)	108	66	-	-	108	66	-	-
"Affrancamento" gain (IRB)	59	50	-	-	97	82	-	-
"Affrancamento" gain (AG)	-	-	-	-	114	80	-	-
Off-balance sheet DTA	105	89	-	-	105	89	-	-
Total impact on tax	**272**	**205**	**-**	**-**	**424**	**317**	**-**	**-**
Reclassification of held-for-sale operations (SFS)	-	-	(66)	(66)	-	-	(135)	(135)
Reclassification of held-for-sale operation Bankoa (IRB)	-	-	(1)	(1)	-	-	(42)	(42)
Reclassification of held-for-sale operations (IRB)	-	-	-	-	-	-	(5)	(5)
impairment on goodwill (AHM)	-	-	-	-	-	-	(55)	(55)
Reclassification of held-for-sale operations (IRB)	-	-	(7)	(7)	- 1	(1)	(7)	(7)
Ongoing sale project (WM)	-	-	(24)	(24)	5	5	(24)	(24)
Total impact on Net income from discounted or held-for-sale operations	**-**	**-**	**(98)**	**(98)**	**3**	**3**	**(268)**	**(268)**
Total impact of specific items	**(104)**	**44**	**(987)**	**(899)**	**500**	**589**	**(1,679)**	**(1,440)**
Asset gathering	**(16)**	**(8)**	**(83)**	**(64)**	**100**	**74**	**(227)**	**(174)**
French Retail banking	**94**	**67**	**91**	**62**	**126**	**106**	**(206)**	**(145)**
International Retail banking	**(292)**	**(88)**	**(20)**	**(16)**	**71**	**226**	**(68)**	**(60)**
Specialised financial services	**108**	**66**	**24**	**24**	**113**	**71**	**(45)**	**(45)**
Large customers	**(19)**	**(8)**	**(19)**	**(11)**	**(61)**	**(33)**	**3**	**6**
Corporate centre	**22**	**16**	**(979)**	**(894)**	**152**	**146**	**(1,136)**	**(1,021)**

** Impact before tax and before minority interests*

Crédit Agricole S.A. – Specific items, Q4-21 and Q4-20, 2021 and 2020

€m	Q4-21		Q4-20		2021		2020	
	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)	1	1	18	13	6	4	11	8
Loan portfolio hedges (LC)	4	3	(30)	(20)	(17)	(12)	10	7
Home Purchase Savings Plans (FRB)	9	6	2	1	(1)	(1)	(14)	(9)
Home Purchase Savings Plans (CC)	22	16	(14)	(10)	22	16	(64)	(44)
Liability management upfront payment (CC)	-	-	-	-	-	-	(41)	(28)
Support to insured clients Covid-19 (LCL)	-	-	-	-	-	-	(2)	(1)
Support to insured clients Covid-19 (AG)	-	-	-	-	-	-	(143)	(97)
Ongoing sale project NBI (WM)	-	-	-	-	(1)	(1)	-	-
Reclassification of held-for-sale operations - NBI (IRB)	-	-	-	-	(2)	(2)	-	-
Exceptional contribution on supplementary health insurance premiums (AG)	-	-	(22)	(15)	-	-	(22)	(15)
Total impact on revenues	**36**	**25**	**(47)**	**(31)**	**7**	**4**	**(264)**	**(179)**
Covid-19 donation (AG)	-	-	-	-	-	-	(38)	(38)
Covid-19 donation (IRB)	-	-	-	-	-	-	(8)	(4)
Covid-19 donation (CC)	-	-	-	-	-	-	(10)	(10)
S3 / Kas Bank integration costs (LC)	-	-	(7)	(3)	(4)	(2)	(19)	(9)
Transformation costs (LC)	(24)	(12)	-	-	(45)	(23)	-	-
Transformation costs (FRB)	-	-	-	-	(13)	(9)	-	-
Lyxor aquisition costs (AG)	(16)	(8)	-	-	(16)	(8)	-	-
Voluntary redundancy plan CA Italia	(190)	(97)	-	-	(190)	(97)	-	-
Ongoing sale project Expenses (WM)	-	-	-	-	(2)	(2)	-	-
Creval integration costs (IRB)	(23)	(12)	-	-	(32)	(15)	-	-
Creval other adjustments	(19)	(11)	-	-	(19)	(11)	-	-
Reclassification of held-for-sale operations - Costs (IRB)	-	-	-		(0)	(0)		
Exceptional contribution on supplementary health insurance premiums (AG)	(25)	(13)	(11)	(6)	(25)	(13)	(11)	(6)
Total impact on operating expenses	**(297)**	**(152)**	**(18)**	**(10)**	**(347)**	**(180)**	**(86)**	**(68)**
Restatement SRF2016-2020	-	-	-	-	130	130	-	-
Total impact on SRF	**-**	**-**	**-**	**-**	**130**	**130**	**-**	**-**
Triggering of the Switch2 (AG)	-	-	-	-	-	-	65	44
Creval - Cost of Risk stage 1 (IRB)	-	-	-	-	(25)	(19)	-	-
Better fortune adjustment on switch 2 (AG)	-	-	(38)	(26)	-	-	(38)	(26)
Disposal in receivables and additional provisioning of the portfolio CA Italia	(319)	(161)	-	-	(319)	(161)	-	-
Adjustement on switch 2 activation (GEA)	-	-	-	-	-	-	(28)	(19)
Total impact on cost of credit risk	**(319)**	**(161)**	**(38)**	**(26)**	**(344)**	**(180)**	**-**	**-**
Provision recovery on FCA bank fine (SFS)	-	-	89	89	-	-	89	89
"Affrancamento" gain (SFS)	-	-	-	-	5	5	-	-
Total impact equity-accounted entities	**-**	**-**	**89**	**89**	**5**	**5**	**89**	**89**
Creval integration costs (IRB)	-		-	-	1		-	-
Creval acquisition costs (IRB)	-		-	-	(16)	(8)	-	-
Total net income on other assets	**-**	**-**	**-**	**-**	**(15)**	**(8)**	**-**	**-**
Impairment CA Italia goodwill (CC)	-	-	(903)	(778)	-	-	(903)	(778)
Badwill Creval (IRB)	119	90	-	-	497	376	-	-
Total impact on change of value of goodwill	**119**	**90**	**(903)**	**(778)**	**497**	**376**	**(903)**	**(778)**
"Affrancamento" gain Tax (SFS)	108	66	-	-	108	66	-	-
"Affrancamento" gain (IRB)	59	45	-	-	97	73	-	-
"Affrancamento" gain (AG)	-	-	-	-	114	78	-	-
Off-balance sheet DTA	105	80	-	-	105	80	-	-
Total impact on tax	**272**	**190**	**-**	**-**	**424**	**296**	**-**	**-**
Reclassification of held-for-sale operations (IRB)	-	-	(7)	(7)	(1)	(1)	(7)	(7)
Impairment on goodwill (CC)	-	-	-	-	-	-	(55)	(55)
Reclassification of held-for-sale operations (SFS)	-	-	(66)	(66)	-	-	(135)	(135)
Ongoing sale project (WM)	-	-	(24)	(23)	4.7	5	(24)	(23)
Total impact on Net income from discounted or held-for-sale operations	**-**	**-**	**(97)**	**(96)**	**3.2**	**3.1**	**(221)**	**(221)**
Total impact of specific items	***(189)***	***(7)***	***(1,013)***	***(851)***	***361***	***447***	***(1,385)***	***(1,157)***
Asset gathering	***(16)***	***(8)***	***(83)***	***(64)***	***100***	***72***	***(227)***	***(174)***
French Retail banking	***9***	***6***	***2***	***1***	***(14)***	***(10)***	***(16)***	***(10)***
International Retail banking	***(292)***	***(78)***	***(19)***	***(14)***	***71***	***200***	***(27)***	***(18)***
Specialised financial services	***108***	***66***	***24***	***24***	***113***	***71***	***(45)***	***(45)***
Large customers	***(19)***	***(8)***	***(19)***	***(10)***	***(61)***	***(33)***	***3***	***6***
Corporate centre	***22***	***16***	***(917)***	***(788)***	***152***	***146***	***(1,074)***	***(915)***

** Impact before tax and before minority interests*

Appendix 2 – Crédit Agricole Group: income statement by business line

Group Crédit Agricole – Results by business lines, Q4-21 and Q4-20

Q4-21 (stated)								
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**3,680**	**939**	**842**	**1,608**	**686**	**1,565**	**181**	**9,500**
Operating expenses excl. SRF	(2,337)	(603)	(867)	(733)	(347)	(975)	(246)	(6,109)
SRF	-	-	-	-	-	-	-	-
Gross operating income	**1,343**	**336**	**(25)**	**875**	**338**	**590**	**(65)**	**3,391**
Cost of risk	(130)	(54)	(455)	1	(136)	(1)	(8)	(783)
Equity-accounted entities	1	-	2	21	67	2	-	92
Net income on other assets	22	4	(0)	0	(14)	0	(3)	10
Change in value of goodwill	-	-	119	-	-	0	-	119
Income before tax	**1,235**	**285**	**(359)**	**898**	**256**	**591**	**(76)**	**2,829**
Tax	(292)	(70)	330	(175)	57	(157)	37	(269)
Net income from discont'd or held-for-sale ope.	-	-	4	(0)	-	-	(0)	4
Net income	**943**	**215**	**(25)**	**723**	**313**	**434**	**(39)**	**2,564**
Non controlling interests	(0)	(0)	(1)	(116)	(75)	(18)	0	(210)
Net income Group Share	**943**	**215**	**(26)**	**607**	**238**	**416**	**(39)**	**2,354**

Q4-20 (stated)								
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**3,425**	**904**	**1,634**	**712**	**654**	**1,424**	**(88)**	**8,665**
Operating expenses excl. SRF	(2,311)	(599)	(735)	(481)	(319)	(911)	(230)	(5,585)
SRF	-	-	-	-	-	-	-	-
Gross operating income	**1,114**	**305**	**899**	**230**	**335**	**513**	**(317)**	**3,080**
Cost of risk	(378)	(89)	(60)	(130)	(154)	(111)	2	(919)
Equity-accounted entities	1	-	20	-	140	2	-	163
Net income on other assets	(7)	1	1	(0)	(10)	(0)	(9)	(26)
Change in value of goodwill	-	-	-	-	-	-	(965)	(965)
Income before tax	**731**	**216**	**861**	**100**	**311**	**405**	**(1,290)**	**1,334**
Tax	(205)	(68)	(274)	(16)	(44)	(55)	28	(634)
Net income from discont'd or held-for-sale ope.	5	-	(24)	(7)	(66)	-	0	(91)
Net income	**531**	**148**	**564**	**77**	**201**	**350**	**(1,262)**	**609**
Non controlling interests	0	(0)	(119)	(15)	(12)	(16)	82	(80)
Net income Group Share	**531**	**148**	**445**	**62**	**189**	**334**	**(1,180)**	**530**

Group Crédit Agricole – Results by business lines, 2021 and 2020

2021 (stated)								
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**14,096**	**3,696**	**3,180**	**6,528**	**2,692**	**6,318**	**312**	**36,822**
Operating expenses excl. SRF	(8,986)	(2,312)	(2,299)	(3,005)	(1,379)	(3,707)	(913)	(22,602)
SRF	(87)	(59)	(33)	(7)	(23)	(328)	58	(479)
Gross operating income	**5,023**	**1,325**	**848**	**3,516**	**1,290**	**2,283**	**(543)**	**13,741**
Cost of risk	(606)	(222)	(786)	(18)	(505)	(39)	(18)	(2,193)
Equity-accounted entities	(11)	-	3	84	307	8	-	392
Net income on other assets	28	6	(13)	(0)	(8)	(39)	0	(27)
Change in value of goodwill	-	-	497	-	-	0	-	497
Income before tax	**4,434**	**1,109**	**549**	**3,582**	**1,084**	**2,212**	**(561)**	**12,409**
Tax	(1,249)	(309)	198	(643)	(120)	(512)	172	(2,463)
Net income from discontinued or held-for-sale operations	-	-	1	5	-	-	(0)	6
Net income	**3,185**	**800**	**748**	**2,944**	**964**	**1,700**	**(389)**	**9,953**
Non controlling interests	(1)	(0)	(132)	(501)	(157)	(57)	(4)	(852)
Net income Group Share	**3,184**	**800**	**617**	**2,443**	**808**	**1,643**	**(393)**	**9,101**

2020 (stated)								
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**13,056**	**3,521**	**5,749**	**2,724**	**2,526**	**6,297**	**(278)**	**33,596**
Operating expenses excl. SRF	(8,712)	(2,277)	(2,865)	(1,785)	(1,268)	(3,523)	(836)	(21,266)
SRF	(123)	(42)	(6)	(25)	(20)	(260)	(86)	(562)
Gross operating income	**4,221**	**1,203**	**2,879**	**914**	**1,238**	**2,514**	**(1,200)**	**11,768**
Cost of risk	(1,042)	(390)	(55)	(566)	(732)	(829)	(36)	(3,651)
Equity-accounted entities	2	-	66	-	344	7	(0)	419
Net income on other assets	(13)	2	3	72	(3)	1	(10)	52
Change in value of goodwill	(3)	-	-	-	-	-	(965)	(968)
Income before tax	**3,165**	**814**	**2,893**	**419**	**847**	**1,693**	**(2,212)**	**7,620**
Tax	(1,067)	(252)	(775)	(103)	(69)	(277)	378	(2,165)
Net income from discontinued or held-for-sale operations	(0)	-	(24)	(48)	(135)	-	(55)	(262)
Net income	**2,098**	**563**	**2,095**	**268**	**643**	**1,416**	**(1,889)**	**5,193**
Non controlling interests	(3)	(0)	(362)	(75)	(84)	(57)	77	(504)
Net income Group Share	**2,096**	**562**	**1,733**	**193**	**559**	**1,359**	**(1,812)**	**4,689**

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

Crédit Agricole S.A. – Results by business lines, Q4-21 and Q4-20

Q4-21 (stated)							
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**1,608**	**1,566**	**690**	**939**	**824**	**187**	**5,815**
Operating expenses excl. SRF	(733)	(975)	(352)	(603)	(851)	(207)	(3,720)
SRF	-	-	-	-	-	-	-
Gross operating income	**876**	**591**	**338**	**336**	**(26)**	**(19)**	**2,094**
Cost of risk	1	(1)	(136)	(54)	(451)	(6)	(647)
Equity-accounted entities	21	2	67	-	2	(10)	82
Net income on other assets	0	0	(14)	4	(0)	(0)	(9)
Income before tax	**898**	**592**	**256**	**285**	**(356)**	**(36)**	**1,640**
Tax	(175)	(157)	57	(70)	330	24	9
Net income from discontinued or held-for-sale operations	(1)	-	-	-	4	-	4
Net income	**723**	**435**	**313**	**215**	**(23)**	**(12)**	**1,652**
Non controlling interests	(122)	(25)	(75)	(10)	6	1	(224)
Net income Group Share	**602**	**410**	**238**	**205**	**(16)**	**(11)**	**1,428**

Q4-20 (stated)							
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**1,644**	**1,426**	**654**	**904**	**692**	**(68)**	**5,251**
Operating expenses excl. SRF	(735)	(911)	(319)	(599)	(465)	(198)	(3,226)
SRF	-	-	-	-	-	-	-
Gross operating income	**909**	**514**	**335**	**305**	**228**	**(266)**	**2,025**
Cost of risk	(60)	(111)	(154)	(89)	(131)	6	(538)
Equity-accounted entities	20	2	140	-	-	(26)	137
Net income on other assets	1	(0)	(10)	1	(0)	(0)	(9)
Income before tax	**871**	**406**	**311**	**216**	**96**	**(1,189)**	**712**
Tax	(275)	(55)	(44)	(68)	(15)	21	(436)
Net income from discontinued or held-for-sale operations	(24)	-	(66)	-	(7)	0	(96)
Net income	**572**	**351**	**201**	**148**	**74**	**(1,167)**	**179**
Non controlling interests	(123)	(23)	(12)	(7)	(19)	128	(56)
Net income Group Share	**449**	**328**	**189**	**141**	**56**	**(1,040)**	**124**

Crédit Agricole S.A. – Results by business line, 2021 and 2020

2021 (stated)							
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**6,527**	**6,319**	**2,697**	**3,696**	**3,113**	**306**	**22,657**
Operating expenses excl. SRF	(3,005)	(3,707)	(1,383)	(2,312)	(2,242)	(779)	(13,429)
SRF	(7)	(328)	(23)	(59)	(33)	58	(392)
Gross operating income	**3,515**	**2,284**	**1,290**	**1,325**	**838**	**(415)**	**8,836**
Cost of risk	(18)	(39)	(505)	(222)	(779)	(12)	(1,576)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	84	8	307	-	3	(29)	373
Net income on other assets	(0)	(39)	(8)	6	(13)	3	(51)
Change in value of goodwill	-	0	-	-	497	-	497
Income before tax	**3,581**	**2,213**	**1,084**	**1,109**	**545**	**(453)**	**8,080**
Tax	(642)	(512)	(120)	(309)	199	148	(1,236)
Net income from discontinued or held-for-sale operations	5	-	-	-	1	-	5
Net income	**2,944**	**1,701**	**964**	**800**	**745**	**(305)**	**6,849**
Non controlling interests	(524)	(90)	(157)	(36)	(187)	(12)	(1,005)
Net income Group Share	**2,420**	**1,611**	**808**	**764**	**558**	**(317)**	**5,844**

2020 (stated)							
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**5,734**	**6,297**	**2,526**	**3,521**	**2,659**	**(238)**	**20,500**
Operating expenses excl. SRF	(2,864)	(3,523)	(1,268)	(2,277)	(1,728)	(792)	(12,452)
SRF	(6)	(260)	(20)	(42)	(25)	(86)	(439)
Gross operating income	**2,864**	**2,514**	**1,238**	**1,203**	**906**	**(1,116)**	**7,609**
Cost of risk	(55)	(829)	(732)	(390)	(569)	(29)	(2,606)
Cost of legal risk	-	-	-	-	-	-	-
Equity-accounted entities	66	7	344	-	-	(4)	413
Net income on other assets	3	1	(3)	2	72	0	75
Change in value of goodwill	-	-	-	-	-	(903)	(903)
Income before tax	**2,878**	**1,693**	**847**	**814**	**408**	**(2,052)**	**4,588**
Tax	(770)	(278)	(69)	(252)	(101)	341	(1,129)
Net income from discontinued or held-for-sale operations	(24)	-	(135)	-	(8)	(55)	(221)
Net income	**2,084**	**1,415**	**643**	**563**	**299**	**(1,766)**	**3,238**
Non controlling interests	(379)	(85)	(84)	(25)	(92)	119	(546)
Net income Group Share	**1,706**	**1,330**	**559**	**537**	**207**	**(1,647)**	**2,692**

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)		Q4-21	Q4-20	2021	2020	∆ Q4/Q4	∆ 2021/2020
Net income Group share - stated		1,428	124	5,844	2,692	x 11,5	x 2,2
- Interests on AT1, including issuance costs, before tax		(63)	(79)	(353)	(373)	(20.3%)	(5.4%)
NIGS attributable to ordinary shares - stated	[A]	1,365	45	5,491	2,319	x 30,6	x 2,4
Average number shares in issue, excluding treasury shares (m)	[B]	2,990.0	2,893.4	2,990.0	2,885.3	+3.3%	+3.6%
Net earnings per share - stated	**[A]/[B]**	**0.46 €**	**0.02 €**	**1.84 €**	**0.80 €**	**x 29,6**	**x 2,3**
Underlying net income Group share (NIGS)		1,435	975	5,397	3,849	+47.2%	+40.2%
Underlying NIGS attributable to ordinary shares	[C]	1,372	896	5,044	3,476	+53.2%	+45.1%
Net earnings per share - underlying	**[C]/[B]**	**0.46 €**	**0.31 €**	**1.69 €**	**1.20 €**	**+48.2%**	**+40.0%**

(€m)		31/12/2021	31/12/2020
Shareholder's equity Group share		68,217	65,217
- AT1 issuances		(4,888)	(5,888)
- Unrealised gains and losses on OCI - Group share		(2,125)	(3,083)
- Payout assumption on annual results*		(3,176)	(914)
Net book value (NBV), not revaluated, attributable to ordin. sh.	**[D]**	**58,027**	**55,333**
- Goodwill & intangibles** - Group share		(18,581)	(17,488)
Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.	**[E]**	**39,445**	**37,844**
Total shares in issue, excluding treasury shares (period end, m)	[F]	3,025.2	2,915.6
NBV per share , after deduction of dividend to pay (€)	[D]/[F]	19.2 €	19.0 €
+ Dividend to pay (€)	[H]	1.05 €	0.31 €
NBV per share , before deduction of dividend to pay (€)		20.2 €	19.3 €
TNBV per share, after deduction of dividend to pay (€)	[G]=[E]/[F]	13.0 €	13.0 €
TNBV per sh., before deduct. of divid. to pay (€)	[G]+[H]	14.1 €	13.3 €

** dividend proposed to the Board meeting to be paid*

*** including goodwill in the equity-accounted entities*

(€m)		2021	2020
Net income Group share - stated	[K]	5,844	2,692
Impairment of intangible assets	[L]	0	0
IFRIC	[M]	0	0
Stated NIGS annualised	[N] = ([K]-[L]-[M])*12/12+[M]	5,844	2,692
Interests on AT1, including issuance costs, before tax, annualised	[O]	-353	-373
Stated result adjusted	[P] = [N]+[O]	5,491	2,319
Tangible NBV (TNBV), not revaluated attrib. to ord. sh. - avg***	[J]	38,645 (1)	37,314
Stated ROTE adjusted (%)	= [P] / [J]	14.2%	6.2%
Underlying Net income Group share	[Q]	5,397	3,849
Underlying NIGS annualised	[R] = ([Q]-[M])*12/12+[M]	5,397	3,849
Underlying NIGS adjusted	[S] = [R]+[O]	5,044	3,476
Underlying ROTE adjusted(%)	= [S] / [J]	13.1%	9.3%

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

** dividend proposed to the Board meeting to be paid*

*** including goodwill in the equity-accounted entities*

(1) Average of the TNBV not revaluated attrib. to ordinary shares calculated based on 31/12/2021 figures and 31/12/2020 restated figures as presented in the table above

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 fourth quarter and year 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 twelve-month period ended 31 December 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. The Statutory Auditor's audit work on the financial consolidated statements is underway.

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.

As at 30 June 2021 following the takeover bid launched by Crédit Agricole Italia for Credito Valtellinese, 100% of Credito Valtellinese is held by Crédit Agricole Italia and is fully consolidated in the consolidated financial statements of Crédit Agricole S.A.

At 31 December 2021, Amundi announcement completion of the Lyxor acquisition. Lyxor is fully consolidated in the consolidated financial statements of Crédit Agricole S.A. The transaction created no impact on the consolidated earnings of Crédit Agricole S.A. for the year ended 31 December 2021.

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Financial Agenda

5 May 2022	Publication of the 2022 first quarter results
24 May 2022	General Meeting in Montpellier
4 August 2022	Publication of 2022 second quarter and first half results
10 November 2022	Publication of the 2022 third quarter and first nine months results

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