



Crédit Agricole SA Fourth Quarter and Full Year 2021 Results

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Welcome

Philippe Brassac

CEO, Crédit Agricole

Thank you so much and good afternoon everyone. Philippe Brassac speaking. First of all, thank you so much for being connected with us. We are very pleased to comment and to present our main set of results and figures for both the fourth quarter and the whole 2021. It will be very interesting for me to listen to your questions and I shall attend the whole meeting, but my only takeaway message is simply the fact that we succeeded to get as many bangs in this very interesting and very excellent results, thanks to the fact that they were absolutely linked to this huge operation – a successful operation – to preserve and to save the economy from the consequences of this crisis of the COVID crisis. Naturally, in the next years we shall have to drive the shift from mobilising in the face of the crisis, to mobilising in favour of the transitions that are useful and necessary all around us.

I will stop at this point and I naturally give the floor to Jérôme Grivet to sum up our different results and try of course to answer your relevant questions. Jérôme, please.

Fourth Quarter and Full Year Performance

Jérôme Grivet

CFO, Crédit Agricole

Thank you, Philippe. Good afternoon to everyone. I will start directly with the figures.

Crédit Agricole Group key figures

Starting with the group figure, you can see on this page that we are posting this quarter and for the full year 2021 the highest result we ever published for Crédit Agricole Group. We have stated a net income which is above €9 billion for the full year on again a stated basis. When it comes to the underlying net income figures, the net profit for the full year is €8.5 billion and €2.3 billion for the quarter. Interestingly, we see that both for the quarter and for the full year, we managed to keep a very significant positive jaws effect, with revenues much more sharply up than the cost base, and the cost of risk is significantly down.

Lastly, the cost/income ratio at group level improved by close to 2.5 percentage points and the solvency at group level further improved with a CET-1 ratio which is now at 17.5%.

CASA key figures

If I go now to CASA's figures on the following page, you see more or less the same trends, with a stated net profit for the full year which is above €5.8 billion and above €1.4 billion for the quarter, and on an underlying basis close to €5.4 billion for the full year and again €1.4 billion for the quarter.

Just a word on the specific items this quarter, which are close to nil actually – minus €7 million, but it is a combination of large positive one-offs which were more or less all linked to the quarter's positive effect of the Creval acquisition in Italy, badwill recognition and DTA recognition, and to put it in a nutshell we have invested the biggest part of these positive

one-offs into improving the future and recurring profitability of Crédit Agricole Italia. We will come back to this later on. This is leading to almost nil globally in terms of specific items. Again, we have a very positive jaws between revenues and costs, be it on an underlying basis and also restated from scope effects, we have a strong reduction in the cost of risk and all in all a sharp improvement in the net profit. Cost/income ratio is down, solvency is down – we will come back also to this later on, but significantly above SREP requirements – and profitability is very strong, above 13% in terms of return on tangible equity.

MTP targets reached a year ahead of schedule

On page 7, I think there are two main messages. The first one is that having met the 2022 medium-term plan financial targets, we are now ready to provide new targets for the market and we will hold an Investor Day on 22nd June this year in order to update the market with new 2025 medium-term targets. The second important element is that we are going to propose to the General Assembly Meeting the adoption of a level of dividend of €1.05 per share. Again, I will describe a little bit more how this figure has been reached.

Revenues

Let me go now to page 8 with an analysis of the evolution of our revenues.

I think there are two or three main ideas on this page. The first idea is that revenues are sharply up, both in the full year and in the quarter as compared to 2020, but interestingly, it is also significantly up and even more up as compared to 2019. Bear in mind that actually 2020 was, revenue-wise, also a very good year.

The second interesting item on this page is that if we restate the evolution of the revenues from the scope effect, the main element of this restatement being the fact that Creval was only integrated in the middle of 2021, we continue to see a sharp increase in the evolution of the topline, of the revenue line.

The last interesting point is the fact that this revenue improvement for the full year is spread across all business lines. All business divisions have been able to improve their revenues in 2021 as compared to 2020.

Expenses

If I go now to page 9 with the cost evolution, what you can see is that the cost evolution is less important than the revenue evolution I just presented on the previous page, and it is even more moderate if we restate the cost evolution again from the scope effect. What you can see is that actually restated from the scope effect the costs are up only 4.3% Q4 on Q4 and 3.5% full year on full year. The explanation of this increase is spread between IT investment and expenses, increase in variable compensation, forex impact and other items. Nevertheless, both with and without scope effects, we managed to post a very significantly positive jaws effect in the quarter and the full year.

Gross operating income

Going now to page 10, we wanted to give a slightly broader horizon in terms of our capacity of generating revenues and we looked back on the last five years. What we see is that regularly on each quarter we have been able year after year to improve the level of the revenues. That is the first point, and actually, the average growth in the last five years of the revenues was around 5%, when at the same time the cost increase was on average 2.5%.

This means that we have managed to improve the gross operating income by 7.5% year-after-year and of course to decrease very significantly the cost/income ratio, which is down 5 percentage points between 2017 and 2021.

Risks

Going now to the risks. I am talking about the underlying cost of risk, i.e. excluding the one-off items that we have posted in Italy through this reinvestment of the capital gains and goodwill recognition that we had with the Creval acquisition.

Talking about the underlying risk, what you can see on this page is that actually the level of risk is very significantly down, both for the quarter and for the full year as compared to 2020. It is the case both for Crédit Agricole SA and Crédit Agricole Group.

The level of risk is also significantly lower than the assumption that we had made when we presented the last medium-term plan. These assumptions were 40 basis points on the perimeter of Crédit Agricole SA and 25 basis points on the perimeter of Crédit Agricole Group globally.

Maybe the last and interesting point is that every quarter this year we have continued to increase a little bit the stage one and stage two provisions, i.e. we have avoided writing back provisions simply on the back of a better macroeconomic scenario. As you know, we have a methodology that combines the effect of the macroeconomic scenario and some local forward-looking aspects, and actually, each quarter, when the macroeconomic scenario was generating some writebacks of stage one and stage two provisioning, we have offset these writebacks by increasing the local forward looking.

Asset quality

This leads to the situation which is described on page 12, where we have improved, over the year, the coverage of our non-performing loans with provisions, when the level of non-performing loans was decreasing as compared to last year. Within the global stock of provisions that we have, we have significantly increased between 2019 and 2021 the component linked to stage one and stage two. Actually, for the perimeter of CASA, one-third of the €8.9 billion of provision is made of bucket one and bucket two provision. This amount increased by €1 billion since 2019. On the perimeter of the group globally, the increase is €2 billion between 2019 and 2021 and the amount is close to 40% of the €18.9 billion of provisions, i.e. we have close to €7.5 billion of bucket one and bucket two provision on the perimeter of the whole group.

Net income group share

This leads to the evolution of the net profit that is described on page 13. Again, what you can see is that there is a sharp increase of the net profit, both on the quarter and on the full year, between 2020 and 2021, but there is also a significant increase if you compare 2021 to 2019.

Maybe the last point on this page is that interestingly, this improvement of the total profit is more or less fuelled by two engines. The first one is of course the decrease in the cost of risk, but the second one – almost as important as the first one – is the increase in the gross operating income. For the full year, it is €1.2 billion of increase of the gross operating income, and €1.4 billion in decrease in the cost of risk, leading all in all to a €1.5 billion of improvement of the net profit.

Profitability

On page 14, we again provide this comparison between our return on tangible equity – 13.1% for the full year 2021 – and the average of our peers in Europe, and again we have managed to maintain a very, very significant margin above the average of our competitors.

Expansion of the universal customer-focused banking model

Let me go on now to some highlights of what we have been achieving in 2021 and since the beginning of this medium-term plan, starting on page 16 with a few highlights on the further developments of our business model, the customer-focused banking business model.

We have continued to improve our offers, and there are a lot of examples provided on this page. We have continued to improve the digital experience of our customers and we have continued to develop our human project, i.e. empowering all the teams locally as close to the ground as possible. This is all in all leading to a further improvement of the customer satisfaction and we have again provided some examples for the regional banks of Crédit Agricole, for LCL and for CACF. This improvement in the customer satisfaction itself is fuelling our further growth.

Societal commitment for energy transition and social inclusion

In terms of commitment to our societal project for the group globally, again, we provide here on page 17 a few examples of the different actions that we have been taking, both for supporting the efforts of our customers in their own energy transition, be it corporate or individual customers, in also reallocating our own financing books from I would say brown assets to a greener set of assets. I am pleased to say that a study by Bloomberg stated that we were the only amongst 30 big banks globally to have arranged more “green” financing than “brown” financing. This study was published a little bit earlier last year.

Lastly, we provide some examples of our commitment towards inclusivity and support to all the population that needs support, be it the families, the over-indebted customers or the young.

Ten ambitious societal commitments

On page 18, just a reminder of what we presented to the press on 1st December last year. We presented a series of markers of our commitments towards the climate, towards the agricultural and agri-food transitions and towards the strengthening of the social cohesion and inclusion. On this page, we provide the list of these items. What is interesting is that we are committed to give regular updates on the way we progress on the achievements that are described on this page.

Transformational moves through the MTP

On page 19, just a few reminders of all the achievements of this medium-term plan. First, as I said in the beginning of this meeting, we have now met all the financial targets that we had initially set for 2022. This is the case for the net income, which is now well above the €5 billion threshold. This is the case and this has been the case for the cost/income ratio since now several quarters. It is also the case for the return on tangible equity above 11%. The distribution policy sticks strictly to our 50% commitment, despite the fact that in 2019 we had to skip the dividend, and finally the CET-1 ratio is well above the 11% target.

We have fully unwound the switch mechanism. The initial commitment was to unwind it half by the end of 2022, but actually our financial capacity allowed us to do it more completely and earlier, and this is going to help fuel the future profitability of CASA next year.

Also, taking a look at all the strategic operations that we did in the last three years, I think we can say that we have been quite agile in adapting our set-up to all the opportunities and to all the necessities. We concluded eight new significant strategic partnerships, we have made a significant number of acquisitions for a total of €4.3 billion, but we have been also able to dispose of certain assets for a total of €2.3 billion. So, all in all, the impact of this acquisition net of the disposals represented 50 basis points of capital consumption in the course of the medium-term plan.

Our European ambitions on mobility

On page 20, you have a wrap-up of all the initiatives that we have been taking last year in order to adapt our car financing business to the new behaviour of the customers and to the new I would say standards in this business.

We have completely restructured the partnership with Stellantis. This is going to be up and running in the beginning of 2023, but the principles are now clear, and CACF is going to become the exclusive partner of Stellantis for the development of their long-term leasing in all their branches across Europe.

We are going to become the 100% shareholder of FCA Bank and we are going to develop a new model through FCA Bank of multi-brand car financier across Europe.

We have also started from scratch a business of long-term rental offer dedicated to the group's retail banking customers, targeting 100,000 vehicles by 2026.

Asset gathering and insurance

If I go now to the main highlights regarding every business line specifically, let me start with the asset gathering and insurance activities on page 22. There are just two important items on this page. The very sharp increase in the assets under management globally was triggered both by of course the acquisition of Lyxor but also a positive market effect and significant fee inflows, and the profitability of this business division continues to progress for the full year and for the quarter.

Insurance: strong business momentum, increased income

Looking at the insurance activities on page 23, it has been a very active quarter from a commercial viewpoint, with a record of income premium in Q4 2021. There was very good activity both in life insurance activities and non-life activities, and it was also a very strong quarter in terms of profitability, despite the fact that the revenues were impacted by two phenomena. The first one is the declassification of La Médicale de France, which is now accounted for under IFRS5, considering its imminent disposal. The second element is that again this quarter we have had a significant amount of capital gains with a low corporate tax rate and this allowed us to reduce our financial margin to continue to strengthen the different provisions that we have in our books whilst generating at the same time the targeted level of profits.

Focus on insurance: constant growth of revenues and income since 2013

On page 24, we give some longer view elements of evolution of the profitability of the insurance business. What is interesting to note is that in the last eight years we have been able to grow the net profit by around 4.5% to 5% a year, despite revenue growth which was only 2% a year. This is perfectly illustrating the fact that actually considering insurance activities it is not sufficient to assess only its profitability for the topline. You really need to go to the bottom line in order to fully acknowledge the profitability.

In the upper side of this chart, what we show is that we have been able, in the life insurance activity, to continue to keep a very important margin between the yield of the asset books that we have and the profit-sharing rate that we pay to our customers, fuelling at the same time the profit of the insurance company, and also a sharp increase in the policyholder participation reserve that is helping us for the future.

Asset management

In asset management, Amundi published its results yesterday, so you have probably been able to take a look at them. I think we can stick to a few comments. The first one is that the threshold of €2 trillion of assets under management has been exceeded, and again, it is due at the same time to very strong inflows, plus of course the integration of Lyxor at the end of 2021.

From a financial viewpoint, the net profit is very significantly up, despite some kind of normalisation of the performance fees this quarter.

Large customers

If I go now to the large customer division on page 26, there are maybe just a few highlights regarding the asset servicing business. We have a strong growth of assets under custody and assets under administration, a sharp increase in the topline, and so a good evolution of the net profitability of CACEIS.

Corporate and investment banking

On page 27, there are some highlights regarding CACIB. I think that once again, this quarter illustrates the very good resilience of CACIB. You know that globally for all participants in this market, FICC business was weaker this quarter as compared to the same quarter in 2020. It was to a certain extent less the case for CACIB than for some of its competitors. Nevertheless, this slight decrease in revenues in the capital markets activities was more than compensated by a very buoyant level of activity in the financing businesses of CACIB. All in all, considering the fact that the cost of risk has been almost pushed down to zero this quarter, the net profit of CACIB is at the very high level and increasing sharply as compared to 2020.

I should add to that that this very low level of cost of risk this quarter has been reached, despite the fact that we have been taking a kind of overlay on bucket one and bucket two provisions across the board and especially at CACIB. At CACIB, it represents close to €50 million of overlay provisions this quarter.

Specialised financial services

In the specialised financial services division, so consumer credit and leasing and factoring activities, we see more or less the same trends, i.e. a very good commercial momentum in

the fourth quarter. This has been the case despite some headwinds. The first headwind regarding the consumer credit activities is the fact that the car market in Europe continues to be a little bit penalised by bottleneck issues and so everything that is connected to the financing of new cars is penalised. Despite this, production is up and outstandings are up compared to the end of last year. Regarding leasing and factoring activities, the level of activity was also very dynamic this quarter.

This leads all in all to revenues significantly up, cost of risk down, and net profitability quite significantly up for all these businesses.

French retail banking – LCL

If I go now to French retail banking activities, LCL, we have a good quarter again in terms of commercial activity. For the full year, customer capture was above 300,000 new customers and books are up, both for loans and for customer assets, leading to revenues quite significantly up, 4.5% for the full year and 3% for the quarter. The cost base continues to be very well managed – more or less flat as compared to 2020. The cost of risk is down and thus profitability is sharply increasing.

International retail banking – Italy

In Italy, of course, this quarter there is a little bit to read, considering the fact that we are in the process of integrating Creval within our set-up. The last quarter was really the history of integrating Creval from a commercial viewpoint, i.e. progressively training all the Creval staff on the sale of the different products and services manufactured by the group. The figures are of course impacted by the integration of Creval.

If we try to read across these figures and to assess the performance of the historical perimeter of Crédit Agricole Italy, what you would see is that revenues were clearly, impacted amongst other elements by the sale of a very significant portfolio of non-performing loans – €1.5 billion. So of course, this is leading to a lower level of revenues, all things equal. We continue to see globally in Italy a certain pressure on the interest margin. Nevertheless, fees and commissions are positively oriented. The cost base is apparently up but actually restated from a high contribution to the Italian deposit guarantee fund it is flat. Cost of risk is improving and so net profit on the historical perimeter is more or less flattish this quarter and sharply improving for the full year.

Crédit Agricole Group in Italy

Crédit Agricole globally in Italy, on page 31. Again, these activities in Italy continue to represent a very strong contribution to the net profit of Crédit Agricole SA – around 13% of the net profit of Crédit Agricole SA – and this is an amount of €750 million of net profit generated in Italy.

We provide on this page a summary of all the elements that were linked to the acquisition and to the integration of Creval. What you can see is that in two steps, the second quarter and fourth quarter of this year, we have recognised all in all a net badwill of close to €500 million, plus certain positive DTA adjustments, and this financed a series of operations that were designed to boost the future profitability of Crédit Agricole Italia going forward, including the launch of next generation HR plan, a redundancy plan that is going to help us reduce and change the nature of the staff in Italy, as well as the financing of the NPL disposal plus a strengthening of the provision related to the remaining loan book that we have in Italy.

International retail banking, excluding Italy

The rest of the international retail banking activities excluding Italy, with the four entities that we have. What we can see on this page is that the normalisation continues to be up and running after a year, 2020, which was earmarked by the pandemic consequences. So, we are now reaching back levels of profitability that we had before the pandemic, with a net profit which is up 40% on the full year for this business division.

Corporate Centre

The Corporate Centre is significantly up this quarter, reaching a very low level of losses of €26 million for the quarter only. It is linked to a further improvement of the structural components of the Corporate Centre, with an improvement of the management of the balance sheet of CASA and CASA holdings with all the businesses accounted for within the Corporate Centre posting better performances – this is the case for the private equity business, for example – and there is also an increase of the revenues coming from the payment services entity.

The non-recurring or the more volatile part of the corporate centre is also improving this quarter, with some inflation swaps generating positive re-evaluation, plus dividends that we have received from entities outside the group.

Regional banks

Let me finish this review of the different businesses with the regional banks of Crédit Agricole, where we will see more or less the same trends as the ones we have seen with LCL, with a significant level of customer capture of 1.2 million new customers this year only, and a sharp increase in the balance sheet, with customer assets up 6% and customer loans up 5%, almost all categories of loans being significantly up. The equipment rate of the customers of the regional banks continue to be up in insurance products and among other non-life insurance products. This leads to a very strong improvement of the contribution of the regional banks to the net result of the group.

Financial strength

Let me go now to the solvency. You can see on page 37 the evolution of the solvency of the group and the evolution of the solvency of Crédit Agricole SA. At group level the solvency improves further this quarter, going from 17.4% to 17.5%, and at CASA level the solvency is quite significantly down but in a very explainable manner. It is down from 12.7% to 11.9%, so it is a decrease of around 80 basis points. This decrease is explained by two elements, which are first the switch unwinding, which represents around 60 basis points of impact on the CET-1 ratio, and the extra distribution above the normal dividend that is regularly provisioned quarter after quarter. This quarter, we have also the consequences of two elements: first, the share buyback that we did in the quarter – around €500 million of share purchase that are going to be cancelled – and also the extra 20 cents a share dividend that is in connection with the 2019 dividend repayment.

This quarter we also have some negative impacts of the different M&A transactions that were concluded in the quarter, namely the acquisition of Olinn by CAL&F plus the acquisition of Lyxor.

Regular increase in shareholders' remuneration

Going now to the dividend on page 38, we reiterate the commitment that we have to pay 50% of the net attributable results in cash, and this year we add to that another 20 cents in order to continue to repay the skipped 2019 dividend. We have paid 30 cents in 2020. We are going to pay 20 cents, so this means that there is still another 20 cents to go before we have fully repaid this 2019 skipped dividend.

Liquidity

I think that regarding liquidity on page 39 there is nothing much to say. The situation continues to be very ample and very comfortable. Simply note that we are starting to study the end of the T-LTRO mechanisms and all the consequences of the progressive exit from the different quantitative easing monetary policies in order to make sure that we continue to have a very good liquidity position going forward.

Market funding

On page 40, market funding, what I can say is that the market funding programme has been completed without any difficulty in 2021 and we continue to be ahead of the curve in 2022 with a significant amount of different categories of debt that have been already issued on the market since the beginning of the year in very good conditions.

Conclusion

Let me now conclude by reiterating the fact that this year's results were very good results, with a high profitability, a high solvency, but we need to assess those results in a series actually of good performances that we have had in the last at least five or six years, with a very regular capacity of growing the topline, a very good cost discipline and, all in all, a very prudent risk management.

Thanks again and let me now take your questions.

Q&A

Giulia Miotto (Morgan Stanley): Yes, hi, good morning, Jérôme.

Jérôme Grivet: Good morning, Giulia.

Giulia Miotto: Hi. Two questions, please. The first one: if I'm not mistaken, I saw some headlines this morning from an interview, talking about potential further involvement in Italy M&A, a consolidation. So, could you please update us on that topic basically, if anything has changed, if you see any opportunity, if you are looking at any file at the moment, et cetera? My second question is on asset quality. I think all banks are saying that asset quality is really way better than they had expected at the beginning of COVID. So, why are stage one and stage two still increasing and, in your view, when can we expect to see some reversal of the COVID overlays, if at all? Is that a 2022 or maybe 2023 topic? Thank you.

Jérôme Grivet: Thank you. Let me start with your first question. Actually, I think you are referring to some headlines that were published after an interview I gave on Bloomberg TV this morning and, if I want to quote myself precisely, what I said is that the bulk of our strategy in Italy was to continue to grow organically, that we were ready, as we did in the past, to take advantage of opportunities. Nothing has changed from this viewpoint. We

continue to focus on organic growth and this is working and we continue to be available for opportunities if they arise and if they meet all our criteria. I think nothing has changed. Asset quality: yes, the asset quality continues to be very good. You have seen the reduction in the proportion of NPLs in our balance sheets. You know, we are, I would say, structurally identically prudent. So, this is why we have not written back stage one and stage two provisions this year, and actually, the intention is not to fuel our future results by writing back this €3 billion stage one and stage two provision that we have in our books at CASA and €7.5 billion at group level. The intention is to keep these stage one and stage two provisions to be able to use them if at a certain point in time there is a necessity to cover higher losses. That is really the way we see it. Of course, we will perfectly comply with all accounting regulations and standards, but every time we can have some margin of manoeuvre, we are going to use it in the sense of prudence.

Giulia Miotto: Thank you.

Jérôme Grivet: Thank you.

Jacques-Henri Gaulard (Kepler Chevreux): Yes. Good afternoon, gentlemen. You are obviously completing the plan. It has been a great success. I have more a question on the—I would say ESG pillars of that plan. You remember of course the fact you had three pillars which were Human, Society and Clients. I would say within that, are we going to roll that forward into 2022? Are those pillars which are a priority going continue that way, or are they going to evolve somehow? Maybe if you can give a view about what has been the most successful and maybe the area where you believe you could have done potentially better? The first question around that. The second would be on the dividend and on the payouts. It has to be said you have been the most innovative and loyal of all the French banks in terms of capital distribution, particularly during this pandemic. In broad terms, without obviously giving anything away, because we will have things in June, what is your philosophy about capital returns? Thank you.

Jérôme Grivet: Thank you, Jacques-Henri. I am afraid I will disappoint you a little bit in my answers and probably every time your questions are going to address I would say medium-term issues I will a little bit postpone the answers to the 22nd June meeting, because of course we need to wrap up all our ideas and to provide a full-fledged plan at this date. Nevertheless, let me try to provide some elements of answer. First, regarding the three pillars, the medium-term plan that we are going to update is not a change of the group project. The group project is here to stay. It is I would say the structure of all our activities and we are going to keep it this way. It means that we are going to stick to our *raison d'être*. We are going to stick to these three pillars, as you call them: *Projet Humain*, *Projet Sociétal* et *Projet Client*. That is for sure. But we need to regularly fuel these three pillars with new ideas, new initiatives and a new action plan, and this is what is going to be presented on 22nd June this year. More importantly maybe, I think that this is a time where we need to accelerate massively on certain of those items, and I am talking especially about energy transition and climate transition, because definitely what we see is that it can no longer be just the nice thing that you add to all the rest. It must be now fully embedded in the way we develop our activities and probably if anything is to change this is going to be this way. This is going to be by transforming a little bit these priorities into really the engine of the future development of our businesses. But again, we will give much more detail in June. When it

comes to the dividend, again, for the time being we stick to our policy, which is 50% payouts plus, as we want to be loyal to all our shareholders, the repayment of the skipped dividend of 2019. So, we stick to that, which means that in 2021 regarding 2020 performances, we have paid 50 cents plus 30 cents. In 2022 regarding 2021, we are going to pay 85 cents plus 20 cents. Normally, in 2023 regarding 2022 we will pay something plus 20 cents. That for the time being is going to be our dividend policy. If we have anything else or in addition to say regarding this policy, it is going to be for June.

Jacques-Henri Gaulard: Thank you, Jérôme.

Tariq El Mejjad (Bank of America): Hi. Good afternoon, everyone. Two questions for me, please. The first one is on IFRS17. If you can give us some first indication on potential impacts, hopefully we can have some idea before June. Would you use some of the PPE to smooth the impact and what kind of capital impacts for the first application would you be looking for? Are we below what other banks already announced or the same magnitude? Just some first elements, please. My second question is on sensitivity to rates. When I look at your reporting, you have been quite consistent with showing very limited sensitivity to rates, as 100 basis point shift parallel shift, and in your pillar three first-half results for 2021, you showed some significant increase: €1.3 billion, placing you as one of the highest in Europe in terms of solvency. Can you explain what is the change? Is it a methodology change? Is it just a one-off and maybe you have a provisional number to give us for the full year?

Jérôme Grivet: These are difficult questions that you are asking. IFRS17, to start with: you know that in 2022 we are producing our accounts, both under IFRS4 and under IFRS17, simply for internal use. So, we are going quarter after quarter to be able to have a better idea of the differences between the accounts under IFRS4 and IFRS17. Maybe to put it in a nutshell, first, in the long term, there is no difference. It simply is about time differences in the recognition of the profits linked to the insurance activities. So, at the end of the day, there should be no difference between the assessment of the profitability of an insurance business under IFRS4 and under IFRS17. Second point: as we finetune our hypothesis and as we finetune the capacity that we have to make the best usage of all the technicalities and all the optionalities that are embedded in this new regulation, we concur to say that revenue wise or profit wise, shall I say, we should be with a profile that could be very close to the profile that we have presently under IFRS4. This will have a certain cost in terms of capital initially, because this would need us to put aside some future results in this famous consumer service margin, or client service margin. So, this may have a certain impact on our solvency, but which would be perfectly manageable considering the level where we stand now. So, definitely it is going to be a big, big affair, this IFRS17 transition, from an operational viewpoint, and actually we have had lots of teams working on this issue since now two or three years. We are spending a lot of money on that, and that is probably not the best usage of our funds, but that is the name of the game. However, there should not be too big an impact in our overall profitability and this should be very manageable. Going now to the rates, actually, giving rate sensitivity for the future is always a very hazardous calculation, so what we provide in the pillar three document is an assessment with very strong assumptions. The first one is that the results we will publish is the evolution in three years' time, so it is not tomorrow morning, it is in three years' time. The second very strong assessment is that there

is a 100% pass through of all the rates evolution into the different assets, and immediate – 100% and immediate, which is also a strong assumption. So, what you should could keep in mind is that all in all we should be able to manage the increase in rates as we have been able to manage the decrease in rates. In 2022, it is sure that for the time being we have already embedded a negative impact of the rate increase, which is the increase in the remuneration of the regulated savings accounts, and for LCL this is going to represent around €50 million of impact on the NBI for the full year of 2022, which is not massive. The rest will depend on our capacity to preserve the average cost of our liabilities besides the regulated costs and to progressively reprice the new loans that we are going to book with higher rates, because for the time being long-term rates have increased by 60 to 70 basis points in the last six months, when home loan rates have continued to decrease. So, this must stop and we have good signs saying that we are at this inflection point and then everything is going to depend on the capacity of progressively repricing these new loans.

Tarik El Mejjad: Okay. In fact, I did not realise it was a three-year impact. I thought it was a first-year impact, looking at pillar three.

Jérôme Grivet: No.

Tarik El Mejjad: Okay. Thank you.

Guillaume Tiberghien (Exane BNP Paribas): Yes, good afternoon. Thank you for your presentation. I have two questions. One is on the resolution fund. One of your competitors in France seems to suggest a 10% to 15% increase in 2022 and another about 30% to 40% increase in 2022. So, what guidance would you give us? The second one is on the SFS and the Stellantis JV. So, is it nasty to say that between the time you stop the existing partnership and run off part of the book and the time when you grow a new book from scratch there is going to be a bit of a period in 2022 where revenues might not be that great and costs will pick up to set up the new partnerships? Thank you.

Jérôme Grivet: Thank you for your two questions. As far as the resolution fund is concerned, it is an area in which we regularly have bad surprises, so I will be very prudent. I do not have the precise figure in mind, but I think we have embedded in our budget a slight increase in the contribution for 2022 as regards 2021, but not in the magnitude that you are stating, but again, this is an area in which the surprises are generally on the bad side. Regarding SFS, Stellantis and the restructuring of the partnership, do not forget that at day one the perimeter of the long-term leasing activities will increase, because the former long-term leaser of PSA, Free2Move, will be combined with Leasys, which was the former long-term leaser of FCA, and so day one, this is going to be a bigger activity. So, day one, the long-term leasing activities will be bigger. And the book of loans within FCA, the traditional financing book within FCA, is and continues even this year to be maintained and to possibly increase. So, it means that the runoff is going to start only at the beginning of 2023 with an average duration of the book, which is three or four years. So, I am not saying that we do not have maybe in the very first quarter some slight negative impact, but it is not going to be very significant and the vision that we have is that actually the business of long-term leasing is going to grow much faster than the business of traditional car financing. So, we are betting on that also.

Guillaume Tiberghien: Okay, thank you.

Jérôme Grivet: So, globally it is going to represent a higher growth engine in the future.

Guillaume Tiberghien: Thank you.

Delphine Lee (JP Morgan): Hi, good afternoon Jérôme.

Jérôme Grivet: Good afternoon, Delphine.

Delphine Lee: So, two questions from me. Hi. My first question is on French retail. So, you mentioned the impact from livret A. I was just wondering in terms of other moving parts how we should think about the outlook for LCL revenues in 2022. If you could give some colour, that would be great. My second question is on capital and your 11% CET-1 target for 2022. You clearly have quite a bit of buffer above that. Do you intend to do anything about this, or basically you will just keep that buffer for now and we have to wait for the new plan to see how you could redeploy the excess capital? Thank you.

Jérôme Grivet: Yes. Let me start with the second question, Delphine. Obviously, you are right. We currently have a buffer above 11%. That is for sure. And we are going to wait for the new medium-term plan to exactly explain the new trajectory. Bear in mind that we still have some moving pieces from a regulatory viewpoint ahead of us. We still have a few impacts from TRIM that are due in 2022, probably around 20 to 25 basis points of impact. There is still the impact of the transition to IFRS17 I was just referring to a little bit earlier, which is going to probably also impact a little bit our solvency. Then there is the final text on Basel IV. The initial text on Basel IV is I would say digestible for Crédit Agricole SA, with a strong assumption that the output floor is going to bite only at the highest consolidated level, but of course we are cautious until we see the final version. So, all these moving pieces, plus the fact that we intend to publish this new medium-term plan on 22nd June, is leading me to postpone a precise answer. On French retail, what we can say is that we know a negative impact from livret A. That is for sure. It is already embedded and it is going to be in the region of €50 million net from the benefits of the different hedges that we have, but we do not fully cover the impact. We know that starting on 1st July, we will lose also the benefit of the 50 basis points on the T-LTRO, so LCL is one of the beneficiaries of this T-LTRO premium. Globally for CASA, we are going to lose between 2021 and 2022 around €200 million of revenues in connection with the T-LTRO. That is absolutely mechanical and cannot be avoided. On the perimeter of LCL, what is going this year to offset these negative elements is the volume effect. Are we going to continue to see a sharp increase in the volumes? For the time being, there is no slowdown. The second element is, as I said before, the repricing pace of the new home loans that we are going to rent to our customers. The third point is, of course, the continuation of the increased, the improvement of the equipment rate of our customers with a broader range of product and services in offer, and keep in mind that in the last quarter, for example, the increase in the revenue at LCL was more triggered by fees and commissions than by the interest margin. So this is, of course, going to be a very important element.

And at CASA level globally, keep in mind that ahead of us for 2022 we have those negative impact linked to the livret A and T-LTRO, but we have positive elements that are also already embedded. We are going to have the full-year effect of the integration of Creval, so this may represent as much as, let us say, €300 million of additional revenues. We will have also the full-year effect of the unwinding of the switch mechanism, and as compared with 2021, this

may represent another €130 million of additional revenues. And then of course we have a full year of Lyxor, which is going to be integrated with Amundi and which is also going to represent around €200 million of additional revenues.

So all these elements to say that 2022 is going to be what we are going to make of it. We start the year with certain headwinds, but also some tailwinds – significant tailwinds – and so now it is up to us to deliver another good operational performance.

Delphine Lee: And does the T-LTRO decline in 2022 for LCL or at CASA level? How much would that be?

Jerome Grivet: For CASA globally in 2022 it is going to represent around €200 million, which is spread between LCL, CASA itself, and so the corporate centre, CACIB, CACF and Crédit Italia also. So it is spread around all businesses, depending on their contribution to the eligible credit. So really you have that spread over almost all businesses.

Delphine Lee: Great. Thank you very much.

Jerome Grivet: Thank you.

Jerome Grivet: Hello.

Matt Clark (Mediobanca): Hi. So couple of questions. Firstly, a question on CACIB's loan portfolio. You went into the COVID crisis with relatively high exposures to oil, aircrafts, etc., and other perceived risky sectors, but then in practice you have had very low cost of risk there through the crisis. How do you view that in retrospect? Do you think that this proves that your risk management was correct and you just carry on as usual, or do you think that it was a bit of a lucky escape and maybe you need to think about de-risking or changing your exposures over the medium term? So that is the first question.

Second question, just to come back to Stellantis. So for 2024 do you see these transactions as being net positive or net negative?

Once that FCA runoff starts – because I would have thought losing a significant volume when you need to maintain the franchise to grow with independent partners would mean maintaining the cost base, would mean there would be quite steep adverse operating leverage there. So I get that your 2023 target is not affected, but would it net positive or net negative for the consumer division in 2024? Thank you.

Jerome Grivet: Okay. Let me start with your question regarding the oil and gas exposure. I think the fact that we have done this – and there is two aspects in your question, actually. The first aspect is regarding the risk management. The history that we have in this business is that, considering the expertise of the teams, considering the way we structure our operations, we never had a significant level of cost of risk in this business. So of course it is definitely not a matter of luck. It is a matter of expertise, a matter of knowhow. It is a matter of really being able to understand which are the good counterparts and how to structure the transactions. And all in all, across 2012 up to 2019, the average cost of risk in this business was in the region of 7 bps on a yearly basis. The cost of final losses – not the cost of risk in terms of provision booked, but the real cost of final losses.

So this business is now facing not an issue of risk but an issue of transformation, and that is the most important. And we are here to accompany our customers, as I said before, in their

energy transition, and what we intend to do in this business is really to be an engine, to be a factor of promotion of the energy transition of all the counterparts regarding the energy consumption and regarding the capacity of providing energy to the clients with a decarbonated method. So that is really the point, and so it is a huge a transformation, but it is not a matter of risk. And again, risk-wise, we are not really concerned.

Regarding Stellantis, the business of the new FCA Bank – i.e., this new bank that is going to develop its activity, targeting small carmakers that do not have their own captive financing entity or targeting independent car dealers across Europe. The development of this new business model actually has indeed started, and you may have seen that FCA Bank has already signed a new partnership with VinFast, which is a, Vietnamese carmaker, which is making electric cars competing with Tesla. And so we are going to be the exclusive provider of car loans to the client of VinFast in Europe. And we are going to make use of this set up of the FCA Bank set up – which we know very well because we have been contributing to the construction of this set up – in order to develop the business.

And maybe another example, you may have seen that we have taken a share in the capital of an independent car dealer, which is called Buy My Car, a French company with a European prospect. And the purpose was, of course, not to become a car dealer ourselves, but to conclude with this car dealer and exclusive partnership in order to be the only provider of car loans to its customers. So definitely we are working already on, I would say, building up the books of the new FCA Bank, starting beginning of 2023 and we are really confident on the development of this business.

Matt Clark: Am I wrong to just think it in big picture terms, you are losing a very successful mature business and gaining a lot of kind of quasi start-ups?

Jerome Grivet: Yes, that is for sure.

There is a very profitable and good business that is going to start its run-off, and we are going to be interested in the run-off beginning of 2023. And at the same time – and actually with a start that is going to be earlier than that – we are building up the new business not on a blank sheet, because actually there is already a whole series of partnerships which are kept within FCA Bank which existed before the restructure of the partnership, and which we are going to keep. So it is really more a transformation than really a start-up.

Matt Clark: Okay. Thank you.

Jerome Grivet: Thank you.

Pierre Chedeville (CIC): Yes, good afternoon. I have one first question. Quite boring, but it is page 39. I would like to understand better what you said on your interest rate sensitivities and what could be the future. When I look at your excess of stable resources at €279 billion and I deduct the T-LTRO, you are currently, as you say, above €100 billion of excess, which is your target. Can you remind us why did you choose this target, €100 billion – to what it corresponds? And I am quite surprised that with €100 billion of excess your NSFR at group level, or Crédit Agricole S.A., is just above 100%. Is it much above 100% or just above? And why you do not you give the perfect figure? And could we imagine that because we know that it is that is a kind of sterilisation in the current rate environment to have such excess, would you imagine that you could lower this leeway?

And when we look at, on the figure on the left, your deposits at central banks, and when you know that you are penalised by 50 bps on more than €200 billion, if we imagine that in your scenario of an increase of 100 bps it would be, in my view, a significant increase in your net interest margin. Much more significant than the negative impact of livret A. So I am not very clear on that regarding your sensitivities. Could you clarify a little bit? I know it is boring –

Jerome Grivet: I think that, Pierre, we should maybe take some time globally on the balance sheet of the group and not only on the liquidity reserves, because here we are only assessing the liquidity reserves. Just a few elements to answer your question. First element, it is one of the characteristics of the group. We have to deal with that. We are made of several entities, and for example, in terms of NSFR, we need to comply with the NSFR at group level, at CASA level, at CACIB level. So at different levels. So it means that on a consolidated basis, we are, I would say, induced towards having higher reserves than would be the case if we were only made of one single legal entity with one single requirement to meet. So that is the reason why we may sometimes appear to have too wide excess of reserves everywhere.

Second point, of course the idea is that once the T-LTRO is not going to represent this benefit of 50 bps that we have for the time being, the intention is not to continue to have such a high level of reserves, because for the time being, when you have around €160 billion of T-LTRO drawings, and when you deposit the same amount at the ECB, you have the benefit of 50 bps, of course, as soon as end of H1 2022, the situation is going to change. So of course these figures are going to be adapted at the end of the T-LTRO premium. So these are the main elements, and we are definitely preparing the new paradigm that will be the case after the end of the T-LTRO benefit. We have heard the ECB talking about it. There will possibly be the implementation of the higher level of tiering, which would also benefit us. Do not forget that within the cash and central bank deposit, there is a certain amount that is not penalised because it benefits from the tiering.

Pierre Chedeville: Of course.

Jerome Grivet: So it is actually more complicated than only a matter of €240 billion– or €227 billion of deposits. It is a more complex, I would say, management. But definitely you are right in pointing the fact that this balance sheet and this type of reserves are adapted to the present period of time, and it is going to change after the ending of the T-LTRO benefits.

Pierre Chedeville: If I may have a second question? A business question?

Jerome Grivet: Yeah, sure.

Pierre Chedeville: Regarding SoYou in Spain.

Jerome Grivet: Yes

Pierre Chedeville: It made sense when you had a JV with Bankia, in my view, to create a JV in consumer credit because you may benefit from its network, but I do not really understand why, as [inaudible] Molière said, “Qu’est ce que vous allez faire dans cette galère ?” in a standalone way in a very measured banking sector in Spain, as you know, very competitive, and I do not know what is your – what is your competitive advantage to gain market share here. And I am quite surprised by your ambition, because when I read your press release you say that you want to be a leader in Spain in consumer credit, front of BBVA, Caixa,

Santander. I am quite surprised by this ambition, and so can you explain to me exactly what you want to do there and where do you think you are pertinent on this market? Thank you.

Jerome Grivet: Let me just go back on the origins and the history of this initial partnership. The starting point was that we have some partners – retail partners, not banking partners; retail partners – with a European scope. Like Apple, for example. And so we needed to have a set-up, an operation in Spain in order to fully cover the perimeter on which they were ready to work with us. So the starting point is that we needed to have an operation in Spain.

So we found this possible partnership, then for the reasons that you know, the partnership was early terminated because of the change of control in our partners. And we have decided that actually the start-up that we have started to build was sufficient to be the starting point of an entity of our own in Spain. So for the time being, it is not absolutely massive. It is a few million euros of revenues and a few million euros of cost every quarter. So it is absolutely tiny. But we think that we have the capacity to develop and to reach, quite rapidly, the breakeven, and then to develop properly the business. We have, for the time being, around €300 million of outstandings, and we think that reaching €1.5 billion in three years' time is very reachable. So at the same time, we will be able to develop the business on our own in Spain, making use of our knowhow, because the main asset that we have is the knowhow of CACF team, and this knowhow can be deployed in Spain. And the making use, also, of this set up to better serve our pan-European partners in retail activities in the long channel businesses.

Pierre Chedeville: Thank you. Very clear.

Jerome Grivet: Thank you.

Kiri Vijayarajah (HSBC): Thanks, yes. Good afternoon, Jerome. A couple of questions from my side. So firstly on the capital, so now that you have unwound the switch, is there kind of a greater incentive to maybe leverage out the insurance company and optimise the RWA consumption there? Or do you feel it is kind of more, you know, pretty well optimised already and maybe the insurance supervisor may not look too favourably on you changing the capital structure of the insurance company too much?

And then the second question, going back to the whole Stellantis thing in slide 20, and specifically that 1 million target you have got for the fleet in the long-term leasing business by 2026, is 700,000 – I think I saw in – is that the right starting point pro forma today for the size of that fleet? And so is all of that – to get to 1 million, is that going to come from organic growth? Because of course, you know, some of your competitors in that field, they have also got some quite ambitious growth targets there. So just trying to understand how you are going to get to that 1 million fleet size, please. Thank you.

Jerome Grivet: Yes. Let me start with the capital of Crédit Agricole Assurances. It is true that Crédit Agricole Assurances has a very strong level of solvency – it is far above the 200% threshold – and it is true that we could leverage a little bit more this level of solvency in order to optimise the RWA consumption at CASA. Well, you know that this high level of solvency at CAA has been reached, amongst other elements, by the fact that since two or three years now the participating reserve I was mentioning earlier is now taken into account in the computation of the solvency. So it means that it is not exactly neither capital nor subordinated debt, but it is internal reserve that it represents part of the solvency. So we do

not want to go too low in terms of a solvency, but we definitely – we are going to continue to optimise the capital structure of the insurance activities. We are going, also, probably, to use a little bit of this solvency in order to adapt the portfolio of assets of Crédit Agricole Assurances. So Predica will, in the present context, optimise the yield of the asset book and adapt to the evolution of rate. But nevertheless, it is true that we have a certain margin of manoeuvre at this level.

When it comes to Stellantis and to the long-term leasing entity, the starting point is that we have already around 650,000 cars, which is about half and half coming from Leasys, on the one hand, and from Free2Move on the other hand. So what we have to do in four or five years' time is to increase by 50% this portfolio, which it is going to be made organically. It is not easy, but considering the pace at which this business is growing, it seems to us perfectly reachable.

Kiri Vijayarajah: Great. Thank you.

Jerome Grivet: Thank you.

Flora Bocahut (Jefferies): Yes, thank you. Good afternoon. I would like to ask you two questions on the slide ten, which is a pretty impressive evolution. I would like to ask regarding the next 12 months, you know, considering the other side of this is that obviously we get starting here from a high base, and without going into the plan in the 2025 horizon, just thinking here about the next 12 months, the two questions are, first regarding the level of revenues. I think, you know, you talk in the slide pack about buoyant activity in many of the businesses. Do you see any sign at this stage that there could be a slowdown in the growth in some of the businesses, or anything that, you know, shows signs of deterioration there?

And then on the cost side of the equation, is there any reason to believe that we could get negative surprises on costs specifically this year in 2022, given in particular the inflation we are seeing? Or you are confident that you can continue on this path with cost savings, productivity gains? Thank you.

Jerome Grivet: Well, Flora, of course it is very difficult to predict the future. Maybe just a few elements to comfort you in our capacity to continue to grow. First, as I said, we start this year with some negative elements, but with some very positive elements that are going to materialise in 2022, which are going to boost the top line and which are already embedded all the scope effect that I was mentioning earlier. And these positive elements represent much more than the negative elements. So we start the year, I would say, with the benefit of these operations that we have undertaken in 2021 and that are going to benefit us in 2022.

Regarding the the level of activity that we see nowadays – i.e., after the end of 2021 – well, I do not have precise figures, it is way too early, but I am not seeing any real sign of deterioration. I am not seeing any sign of slowdown in the credit appetite. I am not seeing any sign of decrease in the will of people to consume and to invest. So really there is no reason why we should not continue to have a good level of activity. But of course we are aware of the fact that 2021 was a catch up year with this very high growth in France, plus 7%, and what we foresee in 2022 is a more moderate 4% growth in the GDP in France, for example. So after a catch up, you certainly have a certain slowdown, but going back from

7% of growth to 4% is not a recession. It is not a distressed situation. So we are full of hope in terms of the continuation of the development of our activities.

Regarding the cost base, of course there is a certain level of inflation. We see it everywhere. We see it in all our purchases and so on and so forth, but for the time being we have been able to, I would say, keep it under control and avoid any kind of loop that would really penalise our profitability. So of course the jury is still out in terms of how the inflation is going to evolve, and if you believe in the theory of a one-off inflation that is not starting and fuelling a loop between wages and prices, then we can be confident that we will be able to continue to monitor closely the cost base. If there is a real loop between wages and prices then it is going to be more difficult and then the question will be about our capacity to preserve a certain balance between the evolution of the top line and the evolution of the cost line. But for the time being, we do not see that loop.

Flora Bocahut: Excellent. Thank you.

Jerome Grivet: Thank you.

Omar Fall (Barclays): Good afternoon. Thanks for taking my questions.

Jerome Grivet: Hi, Omar.

Omar Fall: Just a couple of things. So just, if I take the – your answer to, I think it was Delphine's question, on the scope effects on revenues and then you remove livret A and T-LTRO, and you are kind of above €23 billion of revenue for 2022, etc., as far as kind of anything else, what are the scope effects similarly on the OpEx side from – the scope effects that are left, just the help us with our modelling?

Then the second question was just to discuss the performance in Italy, please. And sorry if I missed this, but how much was the NPL disposal impact? It seems to me it looks a bit of a slow down on both NII and fees only versus last quarter. So any thoughts there? And perhaps an outlook for that business specifically would be fantastic.

Jerome Grivet: Okay. So if I take the three main scope effect that we have, the first one, which is the switch unwinding, there is no cost related to that. So the €130, more or less, million of NBI is not generating any additional cost. As far as Creval is concerned, I think that they had a cost-to-income ratio in the region of 65%, if I remember correctly. So it means that the starting point is maybe an additional €200 million of cost compared to the €300 million of revenues. But of course we are already working on all the synergies and we have taken some restructuration costs in the PPA in order to finance these cost synergies. So we are going to generate cost synergies.

And as far as is Lyxor is concerned, it is more or less the same. The idea, clearly, from Amundi's point of view is to integrate Lyxor without having to integrate fully – or definitely all the costs linked to Lyxor. So this is – and again, if I remember correctly, the cost-to-income ratio of Lyxor was in the region of 70% which compares to the 50%, more or less of Amundi. So the idea is to go back to 50%, as soon as possible. At Lyxor it was 72%, to be precise. So clearly this is going to be relative in terms of gross operating income as soon as 2022.

And coming to the NPL, your question was regarding the revenue dynamic in Italy, is that right?

Omar Fall: That is right. Yes.

Jerome Grivet: Yes. Clearly the fourth quarter was a little bit weaker compared to the fourth quarter of 2020, which was a really a rebound quarter. If you remember, the sequence of the lockdown in Italy, the fourth quarter was a rebound quarter in terms of activity in 2020, and so the comparison between the revenues in 2020 and 2021 is a little bit challenging. And then of course, we have had this impact of the disposal of the NPL, and all in all, we had in the fourth quarter of 2021 a decrease in the net interest income, and then increase – a slight increase, but an increase – in the fees in commission.

Omar Fall: Okay, thanks.

Jerome Grivet: Thank you.

Guillaume Tiberghien (Exane): Thank you. Sorry for a follow-up. I want to come back to the T-LTRO and be a bit provocative, because when the T-LTRO arrived, the bank said we should not assume that this is an net benefit to revenues, because if it is through to a group's overall funding cost, which is then used to derive the revenue margin that you want to generate with your customers. And so why is it so mechanical on the way out when it was not so mechanical on the way in? Thank you.

Jerome Grivet: Well, it is very simple, Guillaume, because if you use cheap resource that has a one-and-a-half or two years maturity to finance the loan that is going to last five, six or seven years, when the cheap resource disappears, you end up with the loan. You are happy to have the loan and to have the customer of the loan, but nevertheless, mechanically, the cheap resource is terminated and you have to replace the cheap resource by one that is going to be more expensive. So I confirm what I have said regarding the implementation of the T-LTRO. It was part of the funding and globally, it helped us decrease our overall cost of funding. The end of the T-LTRO premium is going to increase our overall cost of funding without any mechanical effect on the yield of our loan book. So that is why it is a very mechanical effect. But of course, the idea is that we will try and replace this T-LTRO resource going forward by other resources that we are going to try to optimise in terms of cost. And the idea is that as soon as we have this perspective of seeing an increase in the cost of our resources – average cost of our resources we need in order to balance the two, to work on the repricing of the loan books progressively.

Guillaume Tiberghien: Thank you.

Jerome Grivet: Thank you.

Tarik Mejjad (Bank of America): Sorry, Jerome, to drag the call, but very, very quickly. I am surprised about your comment on the management provisions overlay for COVID. I think in Q3 you mentioned that now you are ready to release some of them and not accumulate and build on coverage ratio, and now you seem to say that you are still to be prudent and use them for future losses. Did I understand that wrongly or you changed your mind?

Jerome Grivet: No, absolutely not. But you are aware, Tarik, that between the publication of the Q3 accounts and today there has been a new variant of the disease and some, I would say, further development that really pushed us to be prudent –

Tarik Mejjad: But we are all back to office and all back to our lives. So normally it was – no?

Jerome Grivet: It is not the case everywhere, and definitely when we took the different decisions regarding the end of year 2021 account a few weeks ago there was still lots of questions about the evolution of Omicron and what was going to happen, and so on and so forth. So keep in mind the fact that, really, when we closed the accounts, the uncertainties were quite high. And we were talking in France of several hundreds of thousands of new contamination every day.

Tarik Mejjad: But what is your view now? I mean, now we – I mean, the outlook, then? Are you releasing some of them, or...?

Jerome Grivet: The outlook is improving from a pandemic viewpoint. Nevertheless, we continue to have a significant number of people in the hospitals. And so – in my point of view, it is not completely over, even if some restriction measures have been relaxed. So really we are prudent. You know that we are prudent. You should not be surprised if we take prudent measures.

Tarik Mejjad: Okay. Thank you.

Jerome Grivet: Thank you. I think it was the last question, if I understood correctly, and in light of that was that we were having a second round of question with the same participants. So I think I am going to thank you for all your questions and your attention this afternoon, and we are going to talk or see each other quite rapidly now. Bye-Bye. Thank you.

Operator: Thank you. That concludes today's conference call. Thank you for participating. You may all disconnect.

[END OF TRANSCRIPT]