CREDIT OPINION
18 December 2024

Update

**RATINGS**

**Credit Agricole S.A.**

| | |
|---|---|
| Domicile | Paris, France |
| Long Term CRR | Aa3 |
| Type | LT Counterparty Risk Rating - Fgn Curr |
| Outlook | Not Assigned |
| Long Term Debt | A1 |
| Type | Senior Unsecured - Fgn Curr |
| Outlook | Stable |
| Long Term Deposit | A1 |
| Type | LT Bank Deposits - Fgn Curr |
| Outlook | Stable |

*Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.*

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# Credit Agricole S.A.

Update following sovereign rating action

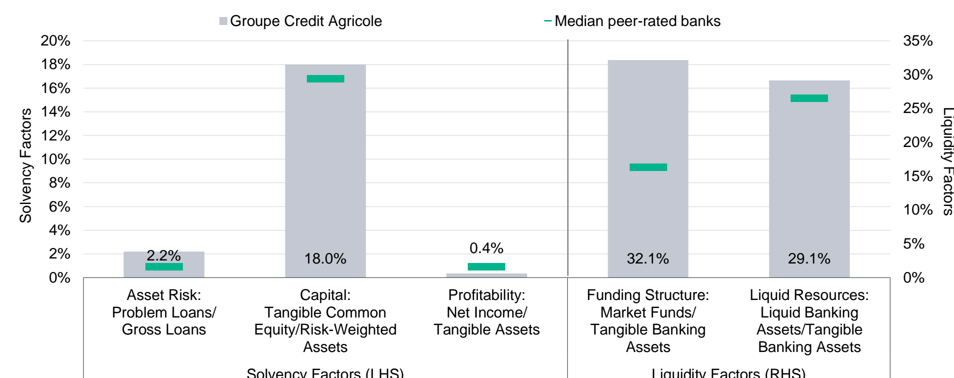
## Summary

Credit Agricole S.A.'s (CASA) deposit and senior unsecured A1 debt ratings reflect (1) the bank's Baseline Credit Assessment (BCA) of baa2, (2) two notches of affiliate support from Groupe Credit Agricole (GCA; the Group) and (3) a very low loss given failure for long-term depositors and senior unsecured creditors based on our Advanced Loss Given Failure (LGF) analysis resulting in a two-notch uplift from the adjusted BCA (a3). CASA's senior ratings and assessments no longer benefit from any uplift for our assumption of government support in case of need. The weakened creditworthiness of the Government of France (Aa3 stable) translates into a weakening capacity to support the country's systemic and strategic banks in case of need.

CASA's adjusted BCA of a3 primarily reflects the Group's strong capitalisation, which benefits from the capacity of the group to retain a larger fraction of its earnings than private banks. It also reflects the Group's dominant retail banking, insurance and asset management franchises in France. The Group's standalone financial strength is also characterised by a high asset quality, which remained stable through the recent economic and market turmoils, stable earnings supported by diversified businesses in France and abroad, and a strong funding structure.

CASA's A1 deposit and senior unsecured debt ratings also benefit from two notches of uplift from our Advanced Loss Given Failure (LGF) analysis which factors in the volume of junior deposits and the amount of subordinated debt.

Exhibit 1
**Rating Scorecard - Key financial ratios**




*Source: Moody's Financial Metrics*

Thanks to the internal support mechanisms prevailing within GCA's co-operative perimeter, CASA's adjusted BCA of a3 is driven by the assessment of the Group's creditworthiness on a

consolidated basis, whereas its BCA of baa2 reflects the bank (CASA)'s weaker overall credit fundamentals compared with those of the group.

## Credit strengths

» Solid asset quality and strong coverage of risks by provisions.

» Robust capital generation stemming from stable and diversified earnings and high profit retention at group level.

» Large capital buffer, which results in a solid loss absorption capacity.

» Very low loss-given-failure for deposits and senior unsecured debt given the large amounts of junior deposits and senior debt as well as a large cushion of subordinated instruments.

## Credit challenges

» Despite high interest rates, margin pressure persists as regulated savings in France have repriced more swiftly than the loan book.

» Reliance on wholesale funding, which is counterbalanced by diversified long term resources, stable deposit base as well as by a comfortable liquidity buffer.

## Rating outlook

The stable outlook on the long-term issuer, deposit and senior unsecured ratings reflect the expected stability of GCA's intrinsic creditworthiness, as well as the expectation of limited changes in their liability structures that would trigger a change in the senior instruments' loss-given-failure.

At the same time, we expect the Group's profitability prospects and strong solvency, which are underpinned by a diversified universal banking model and the proven capacity to grow businesses organically and externally, will continue to generate sustained capital accretion. Despite our expectation of moderate asset risk deterioration in coming quarters and continued margin pressure in French retail networks, we believe that GCA's and CASA's strong creditworthiness will not be altered.

Further, the negative effect of a decrease of its intrinsic creditworthiness as expressed through our BCA or higher loss-given-failure on the bank's senior long-term ratings, could at least be partly offset by a recovery of a one-notch government support uplift, which was previously incorporated in those ratings

## Factors that could lead to an upgrade

» An upgrade of the ratings would result from stronger Group financial metrics which would be reflected in higher Adjusted BCAs at CASA, in particular if the ongoing diversification were to yield sustained improvements in profitability without deterioration of currently strong asset quality, and if market funding were to account for a lower share of the Group's funding.

» An upgrade of the Government of France's rating could also result in an upgrade of CASA's long-term ratings through the recovery of one notch of government support uplift.

## Factors that could lead to a downgrade

» We could downgrade CASA's long-term ratings in case of a significant increase in the Group's asset risk, due to e.g. a worsening of the operating environment in key markets and/or if further erosion in net interest margin in French retail activities were not offset by other revenues. The senior unsecured debt ratings could also be downgraded because of a decrease in their volume and/or in the volume of instruments subordinated to them, which would result in a higher loss-given-failure.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

» However, the negative effect of a decrease in the BCA or higher loss-given-failure on the bank's long-term ratings, where applicable, could at least be partly offset by a recovery of a one-notch government support uplift, which was previously incorporated in those ratings.

## Key indicators

Exhibit 2
**Groupe Credit Agricole (Consolidated Financials) [1]**

| | 06-24[2] | 12-23[2] | 12-22[2] | 12-21[2] | 12-20[2] | CAGR/Avg.[3] |
|---|---|---|---|---|---|---|
| Total Assets (EUR Million) | 2,516,772.0 | 2,331,910.0 | 2,169,680.0 | 2,215,468.0 | 2,077,178.0 | 5.6[4] |
| Total Assets (USD Million) | 2,697,360.3 | 2,575,956.1 | 2,315,585.0 | 2,510,360.0 | 2,541,543.4 | 1.7[4] |
| Tangible Common Equity (EUR Million) | 113,167.0 | 111,261.0 | 105,680.0 | 100,015.0 | 92,799.0 | 5.8[4] |
| Tangible Common Equity (USD Million) | 121,287.2 | 122,905.0 | 112,786.7 | 113,327.6 | 113,544.7 | 1.9[4] |
| Problem Loans / Gross Loans (%) | 2.2 | 2.1 | 2.1 | 2.0 | 2.4 | 2.2[5] |
| Tangible Common Equity / Risk Weighted Assets (%) | 18.0 | 18.2 | 18.4 | 17.1 | 16.5 | 17.7[6] |
| Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%) | 19.1 | 19.0 | 19.1 | 18.2 | 20.8 | 19.2[5] |
| Net Interest Margin (%) | 0.8 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9[5] |
| PPI / Average RWA (%) | 2.4 | 2.3 | 2.3 | 2.3 | 2.0 | 2.3[6] |
| Net Income / Tangible Assets (%) | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | 0.4[5] |
| Cost / Income Ratio (%) | 60.4 | 61.7 | 61.5 | 63.3 | 65.9 | 62.5[5] |
| Market Funds / Tangible Banking Assets (%) | -- | 32.1 | 29.6 | 31.7 | 31.8 | 31.3[5] |
| Liquid Banking Assets / Tangible Banking Assets (%) | 28.1 | 29.1 | 28.3 | 30.2 | 29.5 | 29.0[5] |
| Gross Loans / Due to Customers (%) | -- | 104.6 | 103.3 | 102.3 | 102.0 | 103.1[5] |

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
*Sources: Moody's Ratings and company filings*

Exhibit 3
**Credit Agricole S.A. (Consolidated Financials) [1]**

| | 06-24[2] | 12-23[2] | 12-22[2] | 12-21[2] | 12-20[2] | CAGR/Avg.[3] |
|---|---|---|---|---|---|---|
| Total Assets (EUR Million) | 2,101,203.9 | 2,061,615.0 | 1,970,268.0 | 1,963,221.0 | 1,826,275.0 | 4.1[4] |
| Total Assets (USD Million) | 2,251,973.6 | 2,277,373.4 | 2,102,763.1 | 2,224,537.4 | 2,234,549.5 | 0.2[4] |
| Tangible Common Equity (EUR Million) | 47,921.0 | 48,371.0 | 45,009.0 | 42,783.0 | 39,309.0 | 5.8[4] |
| Tangible Common Equity (USD Million) | 51,359.5 | 53,433.3 | 48,035.7 | 48,477.7 | 48,096.8 | 1.9[4] |
| Problem Loans / Gross Loans (%) | 2.6 | 2.6 | 2.7 | 2.6 | 3.3 | 2.7[5] |
| Tangible Common Equity / Risk Weighted Assets (%) | 12.0 | 12.5 | 12.5 | 11.4 | 11.7 | 12.0[6] |
| Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%) | 23.5 | 23.3 | 24.5 | 23.0 | 27.4 | 24.4[5] |
| Net Interest Margin (%) | 0.7 | 0.7 | 0.7 | 0.6 | 0.7 | 0.7[5] |
| PPI / Average RWA (%) | 3.1 | 2.8 | 2.4 | 2.4 | 2.1 | 2.6[6] |
| Net Income / Tangible Assets (%) | 0.4 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3[5] |
| Cost / Income Ratio (%) | 54.6 | 56.9 | 60.2 | 61.7 | 64.6 | 59.6[5] |
| Market Funds / Tangible Banking Assets (%) | 44.8 | 42.9 | 41.6 | 42.3 | 41.5 | 42.6[5] |
| Liquid Banking Assets / Tangible Banking Assets (%) | 58.9 | 59.2 | 59.8 | 60.8 | 60.6 | 59.9[5] |
| Gross Loans / Due to Customers (%) | 63.1 | 62.5 | 59.8 | 59.6 | 57.4 | 60.5[5] |

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
*Sources: Moody's Ratings and company filings*

## Profile

*The financial data in the following sections are sourced from GCA's financial statements and CASA's quarterly presentations.*

GCA is the largest retail bancassurance group in both France and Europe and is one of Europe's major financial institutions, with €2.5 trillion assets as of September 2024. The Group has leading domestic market shares in retail and corporate deposits and mortgage loans

of around 26% and 33%, respectively, as of September 2023. GCA is also the leading insurance group by written premiums and one of the largest life insurance company in France through Credit Agricole Assurances. CASA is the central body of GCA's mutualist network, which, according to French law, is tasked with oversight functions over all affiliated members and is required to ensure that all entities have adequate capital and liquidity at all times. As of end-September 2024, it is held at 62.4% by the Group's 38[1] regional banks (themselves held by mutual shareholders, who are the banks' customers) whereas 6.6% is owned by employees and 31% is free floating.

As a universal bank, GCA operates in retail banking, insurance, payment services, asset management, leasing, factoring, consumer finance, and corporate and investment banking, both in France and internationally. The Group activities are grouped in five main business lines: asset gathering (asset management, through Amundi, the leading European asset manager by assets under management, insurance through Credit Agricole Assurances and wealth management); retail banking in France (CA regional banks and LCL), Italy with Credit Agricole Italia S.p.A (CA Italia, Baa1 stable, ba1) and marginally in a few other locations; specialized financial services (consumer finance and leasing and factoring); large customers (CA-CIB - A1/A1 stable, baa3- and CACEIS, the EU largest custodian); and corporate center (real estate, payment services, equity holdings). Several self-funded acquisitions have been completed in recent years to shore up the group's diversification and create synergies with its existing businesses, including the acquisition of Creval by CA Italia 2021, Sabadell AM and Lyxor by Amundi in 2020 and 2021 respectively, RBC Investor Services by CACEIS in 2023, Degroof Petercam in 2024, or some material car leasing portfolios from ALD and LeasePlan by CAPFM in 2023.

As a mutualist banking group, GCA is governed by Article 511-31 of the French Financial and Monetary Code. Under this framework, the central body of mutual groups is responsible for ensuring cohesion between member banks. The central body is required to take all necessary measures to ensure that each affiliated member, including the central body itself, if necessary, maintains satisfactory liquidity and solvency. This framework provides the legal basis for the mutual support mechanism in place in each mutual banking group according to which each affiliated member is committed to providing financial support of all other members under the oversight of the central body. In practice, GCA's internal support scheme involves CASA, the other member banks (the 39 regional banks) and affiliated subsidiaries (CACIB and BforBank). Under this mechanism, CASA might, for example, decide to merge regional banks in order to tackle difficulties. In addition, a joint and several guarantee issued in 1988 sets out that the regional banks guarantee all of CASA's obligations to third parties and they also cross-guarantee each other, should CASA become insolvent.

Please click here for further details on France's banking system profile and here for further information on the structure of French mutualist banking groups.

## Detailed credit considerations

### Strong asset quality combined with high coverage of risks by provisions

GCA's assigned Asset Risk score of a2 is currently a relative strength for the Group's BCA and incorporates the expectation of a gradual deterioration in asset risks in coming quarters, as well as the very high loan loss reserves of the Group.

We view GCA's asset quality as strong, which has been confirmed by its resilience amid a challenging operating environment. The Group's asset base is diversified and granular as more than half of its loan portfolio stems from retail activities. The Group is also an important lender to small and mid-sized corporates (around 10% of total net risk exposure at end-June 2024), somewhat more exposed to the effects of lower debt affordability. Nevertheless, the Group has also material exposure to lumpier exposures to corporate sectors more sensitive to energy price variations such as shipping and aviation (around 0.7% and 0.8% respectively of GCA's exposure at default as of end-December 2023) and oil and gas (1.0% of GCA's exposure at default excluding credit institutions as of end-December 2023)[2] essentially underwritten by Credit Agricole Corporate and Investment Bank (CACIB), its corporate and investment banking subsidiary. Those risks are mitigated by the long-standing experience of the bank in asset financing, the strong financial profile of most borrowers in these sectors and the highly collateralized structures of most exposures. The Group has also a material exposure to commercial real estate (3.3% of Group's commercial lending at the end of December 2023) most of which to real estate professionals. The default rate of the portfolio is 2.5%, the coverage ratio of NPLs is 52% whereas 71% of the CRE exposure feature a loan-to-value below 60%. The majority of the exposure is in France (73%), Italy (5%) and the rest of the European Union (5%). Although we expect negative effects from still high interest rates on this portfolio's performance, risks to the group seem to be relatively limited.

Exposures to inherently more volatile capital market activities, which CASA reports under the Capital Markets and Investment Banking division of its Large Customers business line represented around 9% of GCA's revenues in 9M 2024. Market risks associated with GCA's capital market activities decreased since the end of 2022. The Value at Risk has decreased slightly to an average of €10 million as of end-September 2024 down from €13 million in December 2023, well below other French banks with large capital market activities.

The Group's NPL to gross loans ratio stood at 2.2% at end-September 2024, broadly stable in the past two years and close to the EU average. The share of stage 2 loans[3] was 11.6% at end-June 2024, stable from year-end 2023 and higher than 9.9% at year-end 2022, stemming mainly from French retail networks.

Although more provisions and NPL formation could materialize as a consequence of still high interest rates and low macroeconomic growth in Europe, we expect that the bank's prudent provisioning on performing loans and high NPL coverage ratio (82.8% including so called "collective reserves" as of September 2024), one of the highest among large European banks, provides a large buffer representing more than eight years of average annual cost of risk reported since 2015.

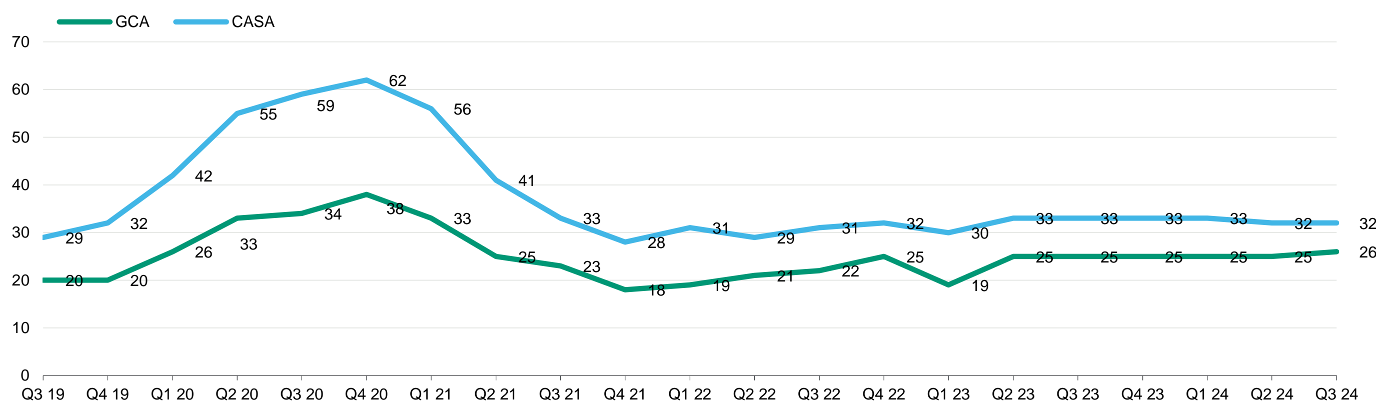
Provisions for impaired loans (Stage 3 provisions under IFRS 9 standards) have gradually normalised from the post-Covid low levels in 2021, increasing 54% in 2022 and 40% in 2023. In 9M 2024, the provisions for impaired loans increased by 14% year-on-year and represented most of the total risk charges. Similarly, as deteriorated economic conditions were being reflected in IFRS 9 models, the Group continued to add provisions to its performing loan book (stage 1 and stage 2 under IFRS9), in consideration of some sectorial risks and uncertainty about the macroeconomic environment. In recent quarters, provisions on performing loans stemmed mainly from regional banks (around €173 million additional S1/S2 provisions in H1 2024) whilst corporate banking activities have rather released forward-looking provisions (€43 million of net releases in 9M 2024). As a result of the bank's conservative provisioning, the stock of loan loss reserves amounted to €21.3 billion at end-September 2024, contributing to a continued improvement in risk buffers against a potential increase in asset risks.

We expect the Group's cost of risk to remain close to the Medium-term plan assumption of 25 bps of gross loans for the period 2022-2025.

Exhibit 4

**CASA and GCA's cost of risk on outstanding loans**

**Loan loss provisions in basis points of gross loans**




Cost of risk in basis points over a rolling four-quarter period on outstanding customer loans net of impairments. The bank also provided it on an annualised basis points for Q3 2024 at 32 bps for CASA and 27 bps for GCA.

*Source: Company report*

## High capital buffers, resulting in solid loss-absorption capacity

We view GCA's capital position as very strong, and at the high end of its European peers. The Capital score of aa2 assigned to GCA reflects the Group's (1) high phased-in Common Equity Tier 1 (CET1) ratio of 17.4% at the end of September 2024[4]; (2) phased-in leverage ratio of 5.5% at the same date; and (3) the Group's ability to retain around 80% of its net earnings owing to its co-operative structure and a historically low payout ratio.

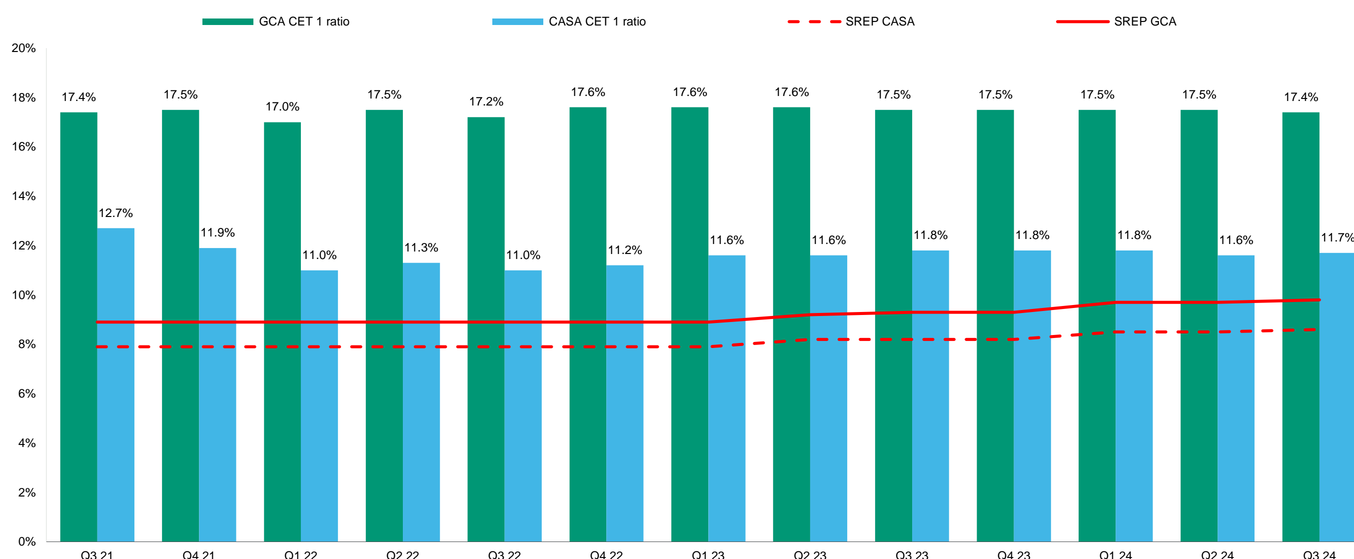
The Group's Common Equity Tier 1 ratio (CET1) slightly decreased to 17.4% at end-September 2024 from 17.5% at year-end 2023 due to the business acquisitions of Degroof Petercam and Alpha Associates. Over the first nine months of the year, retained results contributed to a 79 bps increase, offset by RWA increases from organic growth (-73 bps), M&A and others (-24 bps) and regulatory effects (-1 bp).

CET1 ratio at GCA level remains comfortably above the minimum required CET1 ratio of 9.8% notified by the European Central Bank's Supervisory Review and Evaluation Process (SREP) as of September 2024 (including 2.5% conservation buffer, 0.77% countercyclical buffer, a G-SIB buffer of 1%[5] and Pillar 2 Requirement of 0.98%)[6]. This leaves GCA with a minimum headroom of 759 bps of risk-weighted assets (RWAs) above the maximum distributable amount (MDA).[7]

At CASA level, phased-in CET1 ratio slightly decreased to 11.7% at end-September 2024 from 11.8% at year-end 2023 with a buffer over the SREP requirement of 8.6% as of September 2024.

Exhibit 5

**GCA and CASA CET1 ratios* are well above regulatory requirements**




*Phased-in CET1 ratios

*Source: Company report*

We expect CASA's CET1 ratio will remain close to its target of 11% and the Group CET1 ratio to remain above its 17% target set in its 2022-2025 medium-term plan.

## Moderate but resilient profitability supported by the diversification of its universal banking model

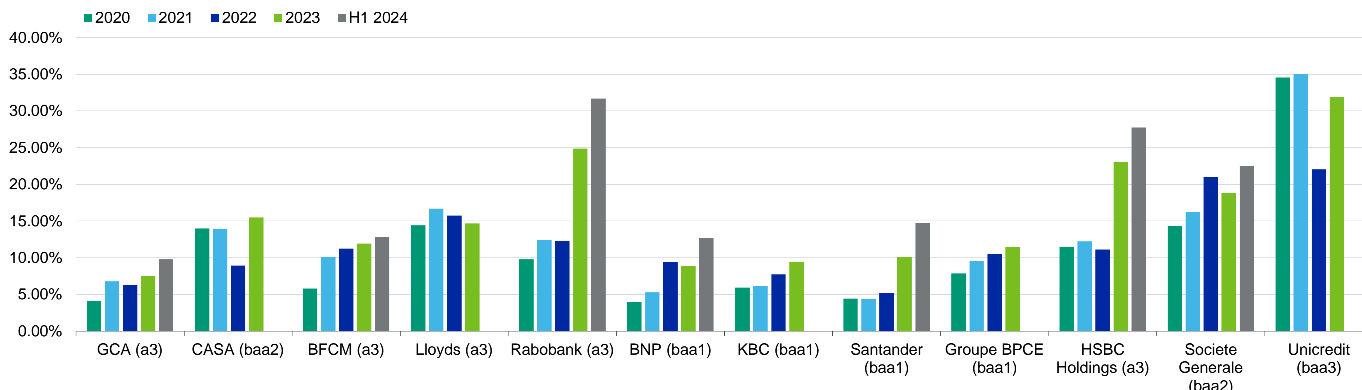
GCA's assigned Profitability score of baa3, two notches above the historical macro-weighted score of ba2, reflects the moderate but stable and diversified earnings profile of the Group, which we expect to remain resilient to the challenging operating environment in Europe over the next 12 to 18 months, even slightly improving from the recent years' average.

The Group exhibits moderate profitability overall, yet its diversified retail-focused activities in France result in a certain degree of stability. GCA's diversified earnings base, which includes profits generated by insurance, asset management, leasing & factoring, consumer finance and corporate and investment banking activities in addition to retail banking, allowed the Group to offset the negative revenue trends in French retail banking due to the low interest rate environment in recent years. Recent acquisitions made by the Group should also contribute to further diversify the Group revenues and contribute to its operating efficiency through synergies.

Despite the interest rate hikes since 2022, GCA and its French peers have not benefited as much as other European peers from their positive effect on net interest margins, because (i) the stock of retail loans is almost entirely at fixed rates, (ii) French banks' capacity to increase rates was capped by the French “usury rate” and (iii) rising rates impacted more rapidly regulated savings than assets.

However GCA's operating profit has historically been more stable than peers'. Steady lending volumes and fast growth (organic and external) in businesses with strong operating efficiency, higher fees, such as insurance or asset management, have supported revenue generation since 2019.

Exhibit 6
**GCA's gross operating income has been more stable than peers' in recent years**
**Pre-provision income volatility (standard deviation of PPI/mean of PPI)**




*Source: Company data, Moody's Ratings*

GCA's cost-to-income ratio has also been very stable in recent years, in the 63-65% range, despite the material size of its retail networks in France. Among the large French banks, GCA was the only bank with BNP Paribas reporting an improving operating efficiency in 2020 during the health crisis.

**French retail margin pressures are gradually moderating; the diversified business model supported 9M profit**

GCA reported underlying net income group share of €7.1 billion in 9M 2024, up 8% from 9M 2023. Despite the challenging operating environment, GCA reported a strong business performance in 9M 2024 in most divisions, including asset management, consumer finance and corporate and investment banking. This more than offset a marked slowdown in retail banking loan production and pressure on margins, which have nevertheless started to show signs of improvement since Q2 2024. The Group is on track to surpass the Medium Term Plan target of €6 billion of annual net income by 2025 a year ahead.

Strong underlying revenue growth of 8% in 9M 2024 reflected a continued growth in activity in most business lines, with the notable exception of the French regional network, where dynamic fee and commission income did not offset the net interest margin sharp drop of 12% between Q3 2024 and Q3 2023 [8]. The subdued performance (underlying revenues were down 1% at Regional Banks but up 3% at LCL) was due to the fast increase in interest rate hikes since July 2022. The higher cost of French regulated savings as well as shifts of sight deposits to remunerated term deposits has weighed on margins over the first half of the year. The sum of regulated deposits and term deposits account for 49% of the Group's deposits as of end-September 2024 compared to 45% a year earlier. The regional banks, who typically are a major contributor to housing loans, have experienced sluggish loan production over the last 12 months (-11% from Q3 2023), although it started to slowly recover since Q2 2024.

Operating expenses in 9M 2024 increased by 4%, excluding the base effect of Single Resolution Fund (SRF) contributions in 2023. This increase reflected mainly the increase in compensation in a context of inflationary pressures, support for business development, IT investments, the integration costs of the recent acquisitions, scope effects and the effect of the timing difference to the deposit guarantee scheme in Italy (DGS). As a result, the cost to income ratio at group level, excluding SRF contributions, slightly deteriorated to 59.7% in 9M 2024, up 1.2 percentage points compared to 9M 2023. We expect that cost discipline and continued investment in the digitalisation of processes will drive the group's operating expenses in coming quarters, but inflationary pressures should abate in 2025.

**The diversified universal banking model will continue stabilizing profits**

We expect margin pressure in French retail activities will gradually moderate in next quarters as flows to regulated savings accounts have already started to reduce in recent months at French retail networks and LCL (increases in passbook and term deposits were 14% between September 2023 and September 2024 but only 5% between December 2023 and September 2024). The French government's

decision to freeze the interest rate on the main regulated savings until the beginning of 2025 has also been supportive of French retail banking's NIMs. However low loan production in France, resulting from high rates and constrained by regulatory prudential limits on debt affordability will continue affecting revenues, despite the European Central Bank (ECB)'s 100 bps cumulative interest rate cuts in 2024, which may lead to moderate and gradual recovery in loan activity in the coming quarters.

In addition, we expect the universal banking model of GCA will continue to help offsetting margin pressure in retail activities. The bank's international retail businesses enjoyed a strong positive impact from interest rate hikes which has contrasted with the specific margin constraints of the French retail banking market. The positive margin effect in international retail portfolios should however gradually normalize in full-year 2024 and 2025. Other non-retail businesses have also performed very well. CIB and asset servicing revenues contributed 23% to the group revenues in the first nine months of 2024 and 29% to group's net income, as the high rate environment drove strong activity in structured products and securitisation mitigating weak M&A flows, and strong cash management offset declining commercial banking activity. Asset Management activity has also been gradually recovering from 2022 market turbulences, as asset flows turned positive mostly in passive and treasury products, and there are very solid flows in Asian less mature markets and a strong traction in the recent Amundi technology division.

The Group continues to diversify its activities with a material reorganisation and ambitious targets for its mobility business. The acquisition of 100% of FCA Bank led to the creation of CA Auto Bank (Baa1/Baa1, stable outlook, ba2) which has the ambition of becoming a large multibrand car financer generating €10 billion revenues per year in 2026. Meanwhile, its joint venture with Stellantis to form a European car leasing leader with a fleet of one million vehicles in 2026 is progressing fast with the recent acquisition of more than 100,000 vehicles from ALD and LeasePlan. Overall, with other recent self-financed acquisitions including Creval (Italian retail), Lyxor or Alpha Associates (asset management), RBC Investor Services (asset servicing), Worldline (payments) and Degroof Petercam (wealth management) among others, the Group expects to continue generating higher revenues (estimated at €1.9 billion annually by 2025 with a cost-to-income ratio contributing to CASA's MTP target of below 60%).

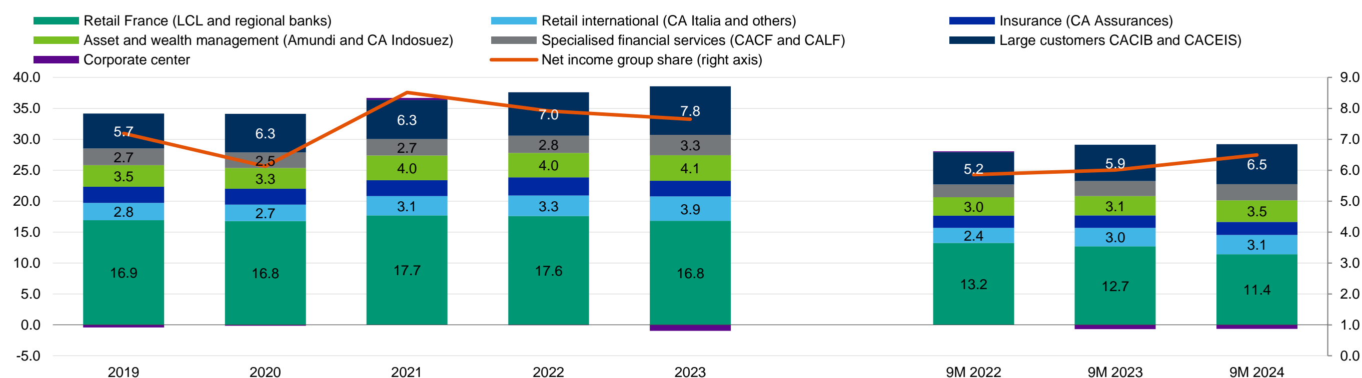
In the absence of major transformation program, we expect that cost discipline and continued investment in the digitalisation of processes will drive the Group's operating expenses in coming quarters, while the lagging effects of inflation will continue putting pressure on costs. After several years of increase (almost threefold between 2017 and 2022), the bank's contributions to the Single Resolution Fund (SRF) reduced by around 23% in 2023 and this contribution has been largely discontinued in 2024.

We expect the Group's cost of risk to remain close to the Medium-term plan assumption of 25 bps of gross loans for the period 2022-2025. Even as stage 3 provisions normalize from very low levels in previous years, the bank has accumulated provisions on performing loans in previous years that constitute a material buffer against a material and sudden increase in risk charges.

Exhibit 7

**GCA's net income group share continues to be supported by its diversified business model**

**Contribution of the business lines to GCA's revenues (in € billion)**




*Source: Company reports*

### Some structural reliance on wholesale funding, counterbalanced by good liquidity

GCA's baa1 combined Liquidity score takes account of some relative reliance on market funding despite very granular and stable deposit base, access to very diversified sources of market funding, and high liquidity buffers that allow the bank to withstand periods of market turbulences.

We view GCA's funding and liquidity profile as sound, despite some reliance on the wholesale markets. The Group's gross loans-to-customer deposits ratio[9] remained at 103% as of end-June 2024, stable from year-end 2023. As for other French banks, GCA's deficit of deposits over loans is due to an unbalance between loans (including mortgages), which largely remain on banks' balance sheets, and customers' funds, a large amount of which is diverted towards off-balance-sheet regulated savings products (life insurance savings, channeled to insurance companies, and Livret A, partly centralized at the State-owned Caisse des Dépôts et Consignations – See New rules for regulated savings will lower costs for banks (June 2018)). Fiscal and monetary policy support measures initiated at the beginning of the health crisis explained part of the deposit inflation between 2019 and 2022, together with lock-down and recession effects on consumption and investment. However tightening monetary policy since 2022 resulted in opposite effects as deposit inflation previously observed receded.

Customer deposits increased by around 2% in the first nine months of 2024 whilst loans and receivables due from customers increased by 1%. We expect the deposit growth to be moderate in next quarters as economic activity remains subdued and households' purchase power and savings capacity is constrained. Simultaneously, we also expect lending growth to remain low in a subdued economic growth context and loan-to-deposit ratio to remain broadly stable.

GCA has a very stable customer deposit profile, compared with most international peers, with 66% from individuals and SMEs as of end-September 2024, and around 60% guaranteed either by CDC or deposit guarantee schemes.

GCA's wholesale funding comprises a sizeable €262 billion amount of medium and long-term debt as of end-June 2024, stable from €263 from year-end 2023 but materially down from €284 billion as of December 2022. The Group repaid more than €27 billion of TLTRO in the first six months of 2024, and decreased the amount of short-term debt to €174 billion as of end of June 2024.

We see GCA's funding as satisfactory in view of :

» The €188 billion surplus of long-term debt over long-term assets reported by the Group in September 2024 (albeit down from €279 billion at year-end 2021 following the TLTRO repayments of €71 billion in 2022, €68 billion in 2023 and €27 billion during 2024), which illustrates the long duration of most wholesale funding;

» The very strong geographical and product diversification of the Group's funding sources; and

» The Group's proven capacity to undertake private placements via the retail networks and structured notes market via CACIB.

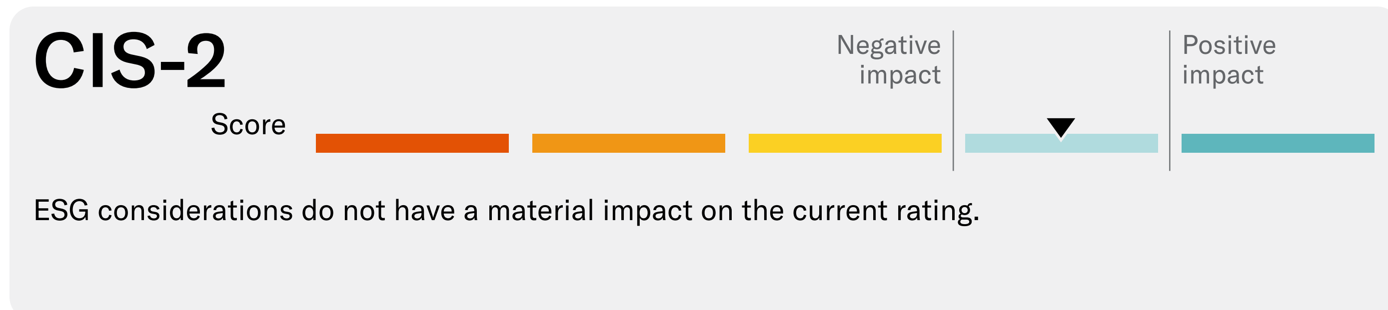
GCA is already meeting its loss-absorbing MREL requirement of 26.3% of RWAs, with a MREL buffer of 27.3% as of September 2024, without taking into account eligible senior preferred debt (representing 5.6% of RWAs).

Finally, GCA's liquidity profile is sound. As of September 2024, the portfolio of high-quality liquid assets (HQLA) of €135 billion, after haircuts, and cash at central bank of €155 billion[10] covers all the short-term debt. The Group also holds other liquid securities (non-HQLA) of €26 billion and other non-liquid European Central Bank-eligible assets (including self-securitisations) worth €150 billion. The total liquidity reserves of €466 billion (intrinsically liquid or eligible for European Central Bank liquidity, after haircuts) covers the Group's total short-term and medium-to-long-term wholesale debt of €436 billion. The Group's ample liquidity is also evidenced in its LCR of 147% [11]as of September 2024, exceeding its MTP 2025 target of 110%. We expect that the liquidity reserve will remain ample and stable in the last quarter of 2024 as the bulk of the outstanding TLTRO was repaid in H1. Although the termination of the temporary mechanism that allowed the Group to post individual home loans directly as collateral to Banque de France resulted in a material decline in non-HQLA eligible assets to central banks (€68 billion as of September 2024 from €132 billion at year-end 2022), GCA has rebuilt its collateral pool mainly through self-subscribed securitisations (€82 billion in September 2024 from €6 billion at year-end 2022).

## ESG considerations

### Credit Agricole S.A.'s ESG credit impact score is CIS-2

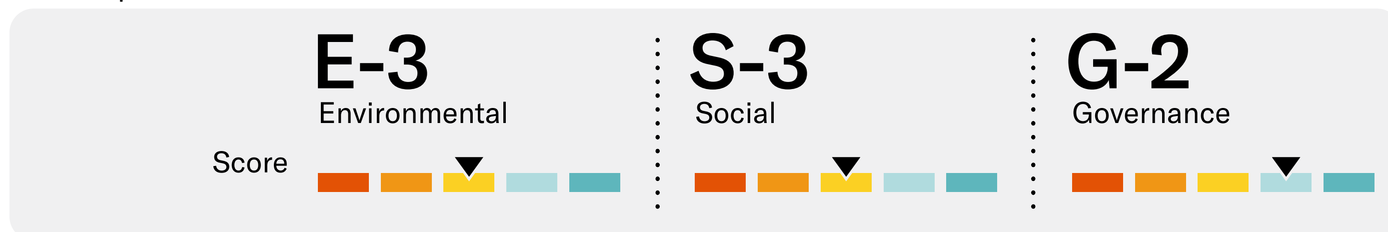
Exhibit 8
**ESG credit impact score**




*Source: Moody's Ratings*

CASA's **CIS-2** indicates that ESG considerations do not have a material impact on current rating.

Exhibit 9
**ESG issuer profile scores**




*Source: Moody's Ratings*

### Environmental

Groupe Credit Agricole (GCA) faces moderate exposure to environmental risks, primarily because of its portfolio exposure from carbon transition. Like its peers, CASA is facing mounting business risks and stakeholder pressure to meet more demanding carbon transition targets. As a result, CASA and the group have taken steps to further develop their risk management and climate risk reporting frameworks, and have also started transitioning lending and investment portfolios towards less carbon-intensive assets.

### Social

GCA faces moderate social risks related to customer relations and associated regulatory and litigation risks, requiring high compliance standards in its diversified operations. The French supervisor's focus on mis-selling and misrepresentation might generate risks, which are mitigated by developed policies and procedures. GCA operates mainly in France, which faces challenges from adverse demographic trends affecting long-term economic growth prospects and impacting the demand for certain banking products. Product diversity as well as an ability to adapt to consumer preferences, regulatory changes and societal trends such as digitization are key to address these risks.

### Governance

GCA faces low governance risks, and its risk management, policies and procedures are in line with industry best practices. In recent years, the group has implemented conservative financial policies and has endeavoured to contain its risk appetite. Like other global systemically important banks, GCA — CASA's majority owner — has a complex legal structure, reflecting its diversified domestic and global footprint, which entails governance and risk management challenges. CASA is a listed company and its hybrid ownership structure, namely both mutualist (GCA) and private, results in a very specific governance set-up, but this does not result in incremental governance risks.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

## Support and structural considerations

### Affiliate support

CASA's Adjusted BCA of a3, two notches above its BCA of baa2, is driven by our assessment of GCA's standalone credit strength, owing to the strong solidarity mechanisms prevailing within the group.

### Loss Given Failure

Groupe Credit Agricole and its operating entities in France are subject to the European Union (EU) Bank Recovery and Resolution Directive (BRRD), which is an operational resolution regime.

Under our forward-looking Advanced LGF, the analysis shows that deposits and senior unsecured debt are likely to face very low loss-given-failure, owing to the volume of deposits themselves and the loss absorption provided by subordinated debt. This results in an uplift of two notches above the Adjusted BCA for both deposit and senior unsecured debt ratings.

CASA has issued a substantial amount of senior unsecured debt during 2024. This additional volume of senior unsecured debt has significantly improved the “De Facto” scenario under our Advanced LGF analysis and we expect the rating of this instrument will be less sensitive to a potential future adoption of full depositor preference in Europe.

The junior senior debt is rated in line with the adjusted BCA, which better captures the risk characteristics of this class of debt following our view around the distribution of losses post failure. For subordinated securities, our LGF analysis indicates high loss given failure because of the small volume of debt and limited protection from more subordinated instruments and residual equity.

See the notching/loss given failure and government support table in the scorecard below for complete notching details on all of the group's liabilities. The resolution scope for CASA's depositors and debtholders is the consolidated GCA, from which foreign subsidiaries in non-operational resolution regimes are subtracted.

### Government support

In line with our approach in many other operational resolution regimes we assign an unchanged moderate probability of support to the long-term deposit, senior unsecured debt and issuer ratings, where applicable, of French banks we consider to be systemic and strategic, including GCA.

However, because of the proximity of CASA's long-term deposit and senior unsecured debt ratings to the French sovereign debt rating, a moderate probability of government support does not result in any uplift.

For senior non-preferred, junior senior or other junior securities, potential government support is low and these ratings do not include any related uplift.

### About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Exhibit 10

## Rating Factors

| MACRO FACTORS | | |
|---|---|---|
| WEIGHTED MACRO PROFILE | STRONG + | 100% |

| FACTOR | HISTORIC RATIO | INITIAL SCORE | EXPECTED TREND | ASSIGNED SCORE | KEY DRIVER #1 | KEY DRIVER #2 |
|---|---|---|---|---|---|---|
| Solvency | | | | | | |
| Asset Risk | | | | | | |
| Problem Loans / Gross Loans | 2.6% | a2 | ↔ | baa1 | Sector concentration | Long-run loss performance |
| Capital | | | | | | |
| Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded) | 12.0% | a3 | ↔ | baa2 | Expected trend | Nominal leverage |
| Profitability | | | | | | |
| Net Income / Tangible Assets | 0.3% | ba2 | ↔ | ba1 | Earnings quality | |
| Combined Solvency Score | | baa1 | | baa2 | | |
| Liquidity | | | | | | |
| Funding Structure | | | | | | |
| Market Funds / Tangible Banking Assets | 42.9% | b1 | ↔ | baa1 | Deposit quality | Market funding quality |
| Liquid Resources | | | | | | |
| Liquid Banking Assets / Tangible Banking Assets | 59.2% | aa2 | ↔ | baa1 | Asset encumbrance | |
| Combined Liquidity Score | | baa2 | | baa1 | | |
| Financial Profile | | | | baa2 | | |
| Qualitative Adjustments | | | | Adjustment | | |
| Business Diversification | | | | 0 | | |
| Opacity and Complexity | | | | 0 | | |
| Corporate Behavior | | | | 0 | | |
| Total Qualitative Adjustments | | | | 0 | | |
| Sovereign or Affiliate constraint | | | | Aa2 | | |
| BCA Scorecard-indicated Outcome - Range | | | | baa1 - baa3 | | |
| Assigned BCA | | | | baa2 | | |
| Affiliate Support notching | | | | - | | |
| Adjusted BCA | | | | a3 | | |

| BALANCE SHEET | IN-SCOPE (EUR MILLION) | % IN-SCOPE | AT-FAILURE (EUR MILLION) | % AT-FAILURE |
|---|---|---|---|---|
| Other liabilities | 448,954 | 24.5% | 566,620 | 30.9% |
| Deposits | 1,125,198 | 61.3% | 1,010,427 | 55.1% |
| Preferred deposits | 832,646 | 45.4% | 791,014 | 43.1% |
| Junior deposits | 292,551 | 15.9% | 219,414 | 12.0% |
| Senior unsecured bank debt | 141,758 | 7.7% | 138,862 | 7.6% |
| Junior senior unsecured bank debt | 31,900 | 1.7% | 31,900 | 1.7% |
| Dated subordinated bank debt | 24,994 | 1.4% | 24,994 | 1.4% |
| Preference shares (bank) | 7,556 | 0.4% | 7,556 | 0.4% |
| Equity | 54,410 | 3.0% | 54,410 | 3.0% |
| Total Tangible Banking Assets | 1,834,769 | 100.0% | 1,834,769 | 100.0% |

| DEBT CLASS | DE JURE WATERFALL | | DE FACTO WATERFALL | | NOTCHING | | LGF NOTCHING GUIDANCE VS. ADJUSTED BCA | ASSIGNED LGF NOTCHING | ADDITIONAL NOTCHING | PRELIMINARY RATING ASSESSMENT |
|---|---|---|---|---|---|---|---|---|---|---|
| | INSTRUMENT VOLUME + SUBORDINATION | SUB-ORDINATION | INSTRUMENT VOLUME + SUBORDINATION | SUB-ORDINATION | DE JURE | DE FACTO | | | | |
| Counterparty Risk Rating | 26.0% | 26.0% | 26.0% | 26.0% | 3 | 3 | 3 | 3 | 0 | aa3 |
| Counterparty Risk Assessment | 26.0% | 26.0% | 26.0% | 26.0% | 3 | 3 | 3 | 3 | 0 | aa3 (cr) |
| Deposits | 26.0% | 6.5% | 26.0% | 14.0% | 2 | 3 | 2 | 2 | 0 | a1 |
| Senior unsecured bank debt | 26.0% | 6.5% | 14.0% | 6.5% | 2 | 2 | 2 | 2 | 0 | a1 |
| Junior senior unsecured bank debt | 6.5% | 4.7% | 6.5% | 4.7% | 0 | 0 | 0 | 0 | 0 | a3 |
| Dated subordinated bank debt | 4.7% | 3.4% | 4.7% | 3.4% | -1 | -1 | -1 | -1 | 0 | baa1 |
| Non-cumulative bank preference shares | 3.4% | 3.0% | 3.4% | 3.0% | -1 | -1 | -1 | -1 | -2 | baa3 |

| INSTRUMENT CLASS | LOSS GIVEN FAILURE NOTCHING | ADDITIONAL NOTCHING | PRELIMINARY RATING ASSESSMENT | GOVERNMENT SUPPORT NOTCHING | LOCAL CURRENCY RATING | FOREIGN CURRENCY RATING |
|---|---|---|---|---|---|---|
| Counterparty Risk Rating | 3 | 0 | aa3 | 0 | Aa3 | Aa3 |
| Counterparty Risk Assessment | 3 | 0 | aa3 (cr) | 0 | Aa3(cr) | |
| Deposits | 2 | 0 | a1 | 0 | A1 | A1 |
| Senior unsecured bank debt | 2 | 0 | a1 | 0 | A1 | A1 |
| Junior senior unsecured bank debt | 0 | 0 | a3 | 0 | A3 | A3 |
| Dated subordinated bank debt | -1 | 0 | baa1 | 0 | Baa1 | Baa1 |
| Non-cumulative bank preference shares | -1 | -2 | baa3 | 0 | Baa3 (hyb) | Baa3 (hyb) |

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
*Source: Moody's Ratings*

Exhibit 11
### Groupe Credit Agricole

| Macro Factors | | | | | | |
|---|---|---|---|---|---|---|
| Weighted Macro Profile | Strong + | | | | | |
| | | | | | | |
| Financial Profile | | | | | | |
| Factor | Historic Ratio | Macro Adjusted Score | Credit Trend | Assigned Score | Key driver #1 | Key driver #2 |
| Solvency | | | | | | |
| Asset Risk | | | | | | |
| Problem Loans / Gross Loans | 2.2% | a2 | ←→ | a2 | Long-run loss performance | Expected trend |
| Capital | | | | | | |
| TCE / RWA | 18.0% | aa2 | ←→ | aa2 | Expected trend | |
| Profitability | | | | | | |
| Net Income / Tangible Assets | 0.4% | ba2 | ←→ | baa3 | Earnings quality | Expected trend |
| Combined Solvency Score | | a2 | | a2 | | |
| Liquidity | | | | | | |
| Funding Structure | | | | | | |
| Market Funds / Tangible Banking Assets | 32.1% | ba1 | ←→ | baa1 | Deposit quality | Market funding quality |
| Liquid Resources | | | | | | |
| Liquid Banking Assets / Tangible Banking Assets | 29.1% | a3 | ←→ | baa1 | Asset encumbrance | |
| Combined Liquidity Score | | baa2 | | baa1 | | |
| | | | | | | |
| Financial Profile | | | | a3 | | |
| | | | | | | |
| Qualitative Adjustments | | | | Adjustment | | |
| Business Diversification | | | | 0 | | |
| Opacity and Complexity | | | | 0 | | |
| Corporate Behavior | | | | 0 | | |
| Total Qualitative Adjustments | | | | 0 | | |
| | | | | | | |
| Sovereign or Affiliate constraint | | | | Aa2 | | |
| | | | | | | |
| Scorecard Calculated BCA range | | | | a2 - baa1 | | |
| | | | | | | |
| Assigned BCA | | | | Private | | |
| | | | | | | |
| Affiliate Support notching | | | | -- | | |
| | | | | | | |
| Adjusted BCA | | | | Private | | |

*Source: Moody's Ratings*

## Ratings

Exhibit 12

| Category | Moody's Rating |
|---|---|
| **CREDIT AGRICOLE S.A.** | |
| Outlook | Stable |
| Counterparty Risk Rating | Aa3/P-1 |
| Bank Deposits | A1/P-1 |
| Baseline Credit Assessment | baa2 |
| Adjusted Baseline Credit Assessment | a3 |
| Counterparty Risk Assessment | Aa3(cr)/P-1(cr) |
| Issuer Rating | A1 |
| Senior Unsecured | A1 |
| Junior Senior Unsecured | A3 |
| Junior Senior Unsecured MTN | (P)A3 |
| Subordinate | Baa1 |
| Pref. Stock Non-cumulative | Baa3 (hyb) |
| Commercial Paper -Dom Curr | P-1 |
| Other Short Term | (P)P-1 |
| **CA AUTO BANK S.P.A.** | |
| Outlook | Stable |
| Counterparty Risk Rating | Baa1/P-2 |
| Bank Deposits | Baa1/P-2 |
| Baseline Credit Assessment | ba2 |
| Adjusted Baseline Credit Assessment | baa3 |
| Counterparty Risk Assessment | Baa2(cr)/P-2(cr) |
| Issuer Rating | Baa1 |
| **CREDIT AGRICOLE S.A., LONDON BRANCH** | |
| Outlook | Stable |
| Counterparty Risk Rating | Aa3/P-1 |
| Counterparty Risk Assessment | Aa3(cr)/P-1(cr) |
| Senior Unsecured | A1 |
| Junior Senior Unsecured | A3 |
| Junior Senior Unsecured MTN | (P)A3 |
| Subordinate MTN | (P)Baa1 |
| Other Short Term | (P)P-1 |
| **CA AUTO BANK S.P.A., IRISH BRANCH** | |
| Outlook | Stable |
| Counterparty Risk Rating | Baa1/P-2 |
| Counterparty Risk Assessment | Baa2(cr)/P-2(cr) |
| Senior Unsecured | Baa1 |
| Commercial Paper | P-2 |
| **CA AUTO FINANCE SUISSE SA** | |
| Outlook | Stable |
| Bkd Senior Unsecured -Dom Curr | Baa1 |

*Source: Moody's Ratings*

## Moody's related publications

### Reports

» Groupe Credit Agricole : Q1 2024 profit supported by strong activity across most divisions, despite continuing pressure on retail activities (May 2024)

» Groupe Credit Agricole : 2023 profit supported by strong activity across most divisions, despite pressures on French retail business (February 2024)

» Credit Agricole S.A. : CACEIS' acquisition of RBC Investor Services operations in Europe would provide economies of scale (October 2022)

» Groupe Credit Agricole and Societe Generale : Societe Generale's sale of Lyxor-run operation to Credit Agricole's Amundi would benefit both banks (April 2021)

» Credit Agricole Assurances creates credit positive partnership with Spain's Abanca (July 2019)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

## Endnotes

1 Excluding the Regional Bank of Corsica which is 99.9% controlled by Crédit Agricole S.A

2 At the end of December 2023 the shipping Exposure at Default (EAD) amounted to €14 billion, aviation €16 billion and oil & gas excluding commodity traders was €20 billion.

3 Performing loans showing signs of significant deterioration in credit risk.

4 17.3% on a fully-loaded basis

5 This buffer will increase to 1.5% as of 1st of January 2026

6 Pillar 2 Requirement is 0.98% for CET1, 1.31% for Tier 1 capital and 1.75% for total capital.

7 The distance to Maximum Distributable Amount trigger threshold is the lowest of the gap between CET1, Tier 1 and Total Capital SREP requirements

8 Excluding Home Purchase Saving Plan

9 Moody's adjusted ratio

10 excluding cash and mandatory reserves of €11 billion

11 Average LCR over 12 months

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