Crédit Agricole SA FY2020 Results

Thursday, 11th February 2021

Introduction

Philippe Brassac

Chief Executive Officer, Crédit Agricole

Commitment to Customers and Shareholders

Passing the crisis while profiting

Well, thank you, Jérôme, and good afternoon, everyone. Philippe Brassac speaking, and of course I'm so sorry not to be able to meet with you as we were used to do this in London. But, naturally, I do hope this will be possible once again next year. Anyway, I'm really very, very pleased to present and to comment with Jérôme our main figures, our main performance for 2020. And I would like to tell you that I'm especially pleased to report that we can both hugely commit to the economy to our customers to help them to pass over the crisis because this is our main mission, and in the same time to reach a high and regular high level of profitability sense. You probably saw that our return on tangible equity was at 9.3%.

Simplifying financial organisation

I guess we must be in the best benchmark in terms of return on tangible equity, at least probably within the French Bank Group. This is why the board decided this special mechanism in terms of dividends, to prove our loyalty towards all our shareholders because this is, of course, our first target in terms of our relationship to our shareholders. And I think that we succeeded to conjugate optimisation of the dividend and simplification of our financial organisation.

Unwinding switch mechanism

Since you saw that, we decided to completely unwind our switch mechanism. The last decision was to unwind for 50% at the end of the current plan and thanks to the level of our solvency, we decided to unwind towards 100%. And it is a pleasure for me to report I'm sure that we were all very useful to our economy to our customers, that we can reach a high level of profitability and then we can go back to our shareholders to thank them, and with this mechanism being able to give you the highest level of dividends we could decide, and in the same time simplifying the financial organisation of the group. This is my main message for the introduction. And I immediately give the floor back to Jérôme.

2020 Results

Jérôme Grivet

Deputy General Manager, Chief Financial Officer, Crédit Agricole

CASA Key Figures

Crédit Agricole Italia Goodwill Impairment

Thank you, Philippe. I will go back on page four to comment the main figures of the results of the group and of Crédit Agricole SA for the last quarter and for the full year of 2020. Let me start with CASA on page four. Of course, you have in mind that in December, we had announced that we were going to impair partially and quite significantly, actually the value of our stake in the capital of Crédit Agricole Italia. This is of course impacting the stated figure of our net profit for the quarter, but you know, that it has no impact neither on our cash position nor on our solvency, so I will skip this element.

Underlying Net Income

So it means that in stated net income group share before this goodwill impairment, net profit of CASA is above €900 million. And for the full year, it is close to €3.5 billion. If I restate those figures from the exceptional items that are described a little bit later on in this document in the appendix, we end up with an underlying net profit close to €1 billion for the last quarter and close to €3.815 billion for the full year. It is down only quote unquote, "16%" as compared to the full year 2019. This is the result of a very solid combination of the top line that is growing above 2%, both on the quarter and on the full year.

Reaching cost to income ratio target early

The cost line that is slightly down showing again, our agility, which is a leading to a cost to income ratio, which is now below 60%. I remind you that it was the target that we were aiming at for 2022. So it is been reached two years in advance and this very solid set of operational figures leading to a gross operating income up close to 5% for the full year and even close to 8% for the single quarter, absorbs quite nicely a strong increase in the cost of risk, which of course is in part and significant parts due to the provisioning of performing loans.

Solvency

In addition to those elements, I want to mention the solvency at Casa, which end of 2020 was at 13.1%, including our distribution policy that I will comment a little bit later on. And as Philippe said, we are posting a return on tangible equity, which is at 9.3%, very solid. It is of course down as compared to the 11% figures that we had posted last year, but part of this decrease is due, of course, to the decrease in the net profit. But part of this decrease is also due to the very strong capital base that we have this year. Again, with this 13.1% solvency ratio that we are posting.

Group Key Figures

Q4 and 2020 Figures

You'll find on page five, the corresponding figures for the group globally. Let me go directly to the underlying net income group share: €1.4 billion for the group in the last quarter of the year and above €6.1 billion globally for the full year. And again, a nice combination of the top line that is growing. The cost line, that is going down. So, solid performance in terms of gross operating income absorbing the cost of risk, that is multiplied by more than two over the full year, including a very strong provisioning of the performing loans. Solvency ends up at group level at 17.2%. It is a record level, all-time record for Crédit Agricole group, and probably one of the strongest figures among the space of European GSIB banks.

Business Activities

Strong rebound after lockdown

I think we can skip page six because I think that Philippe mentioned most of the elements that are, on this page and we can go directly on page eight, where we have some indication on the way we have been actually producing these financial performances. On the left-hand side of the page, upper part, you will see an indication of how the French economy evolved in the full year, month after month. What you can see on this chart is that actually first, the second lockdown was less impacting than the first one and second element, every time a lockdown ends, you see a very strong rebound in the level of activity.

Strong activity in Q4

This is leading for us to globally across all our business lines to a very strong level of activity in the fourth quarter of the year. It is been the case for the insurance activities with very strong rebound in the sale of new policies, in P&C and protection. It is been the case also in asset management activities, where we had a very strong level of net inflows. It's been the case also in retail banking activities in consumer credit businesses and also in the CIB.

Retail Banking

For the full year, and I think it is interesting to keep that in mind, we see in retail banking, an evolution of the loan outstanding, which is very positive, plus 5% excluding the state guaranteed loans. We often have in mind the image that the networks have been spending most of that time in 2020 producing state guaranteed loans. It is not the case. They have been working also on home loans, consumer credit loans, or equipment loans for their professional and SME customers. In addition to that, I want to mention that globally, the three retail bank of the groups in France and Italy attracted 1.5 million new customers for the full year of 2020. So it means that we have continued to, to, to focus on customer capture, which is of course the key for the future development of the group.

Almost matching 2019 performance

Last point on the left-hand bottom side of the page, all in all, after this bumpy year, we have managed to post a level of production in the main activities of the group, which are very close to the high level that we had reached in 2019. For example, the production of new home loans in France, we have managed to generate 96% of the production of the home loans that we have produced in 2019. So it is a very good performance overall, and in the state of P&C insurance policies are close to the same for the production of new consumer loans.

Revenues and Expenses

Diversification

On page nine, some indications of analysis of the evolution of our revenues in the last quarter and in the full year of 2020. Just maybe to put it in a nutshell first, we benefited from the cash-out, from the diversification of our businesses. It means that when on a specific quarter, some businesses are more impacted by the context, we know that maybe some other businesses are going to overperform and it is been the case both in the quarter and in the full year. Secondary one that is important, three quarters of our revenues stem from contracts or policies or items that already sit in our balance sheet. So it means that we are not so much dependent on the new transactions of the year to generate revenues. And the third point, which is important is that only 37% of our revenues directly come from net interest margin, which is quite important in the circumstances that we have crossed, in 2020, where we have seen new lows in in terms of interest rates.

Expenses

As far as expenses are concerned on page ten, what you can see is that we have been, again, quite agile and quite disciplined in the management of our cost base, which is down minus 1.1% on the quarter and minus 0.3% on the full year, thus leading to a very low level of cost to income ratio at 59.6%. It is already at the level of the medium plan targets, two years in advance.

Asset Quality

Low NPL ratios

On page 11, some indication about the quality of our loan book and what you can see that globally for the group and for CASA, we have levels of NPLs that continue to be low 3.2% at a CASA, and even 2.4% at the group level. And in both cases, it is down 0.2% as compared to end of September. So it means that we are not in the situation that some people like to describe where all the bank customers are getting worse and worse.

Coverage Ratios

And in addition to that, we have improved over the quarter, the coverage ratio of these NPLs with our loan loss provisions. We have at CASA level, a coverage ratio, which is now at 71.5% and a group level at 84%. It is 20 percentage points ahead of the average of European banks, as we have seen on the EBA semi-annual transparency exercise. The global amount of loan loss reserves that we have end of this year stands at 19.6[billion] at group level and €9.6 billion at CASA level. It is a little bit above what we had the beginning of this year. So we have improved this year, globally, our capacity to absorb future losses.

Cost of Risk

Increase due to performing loans

In terms of cost of risk itself on page 12, what you can see is that first, the level of additional provisioning in Q4 has decreased a little bit as compared to Q2 or Q3, both at CASA level and at group level. And the second key point, which is important to have in mind is that over the full year, at CASA, almost three quarters of the increase in the level of provisioning is due to performing loans and at group level it is even more. It is close to 100% of all the additional provisioning that is related to performing loans. So it means that clearly this year has been earmarked by significant efforts, completely coherent with the IFRS9 regulation to cover future and potential losses and not occurred proven risks.

Net Income

Supervisory costs

If I go now to the analysis of the net income on page 13, what you can see is that the gross operating income – so the operational income – has increased by close to €500 million over 2019. If I take out from this calculation, the supervisory costs and the decrease in the net income between 2019 and 2020 is more than explained by the increase in supervisory costs by the increase in the cost of risk, stage one and stage two, meaning the cost of the provisioning of performing loans.

Distribution

80 cts/share

Page 14, the dividend. Philippe said it. The board of Crédit Agricole SA have decided to propose the general assembly meeting that is going to take place in May to propose a dividend of 80 cents to our shareholders, 80 cents per share with a scrip dividend option. And our majority shareholder SAS Rue la Boétie has announced its intention to take this scrip dividend option.

This has enabled us to propose this level of dividends, which would present for all our shareholders a dividend yield of around 8% as compared to the current price of the share.

This scrip dividend option that is going to be taken by our majority shareholder is clearly going to initially create a significant number of new shares; thus, a certain level of dilution that is going to depend on the number of new shares that we are going to issue – so the actual reference price of this issuance next May – and this is to offset this potential initial dilution that we complement this dividend proposal with two additional mechanisms.

The first one Philippe mentioned it also, which is to enhance and modify our commitment of unwinding the switch mechanism. The initial commitment that we had made was to unwind a 50% of this switch via end 2022. And we are now modifying this commitment in order to get to 100% of unwinding by end 2022. And the second element is that we also are going to launch an exceptional share buyback mechanism in order to fully offset this initial dilution. I'm sure that you will have some questions on these different elements of the dividend policy. So I propose to stay at these levels of explanation now, and we will probably go back on this during the Q&A session.

Our Group Project

Commitment through the crisis

Let me go now to some other and key elements of reporting about what we have been doing in 2020, because besides the financial figures, as Philippe mentioned, we have continued to deploy our group project, and we have continued to behave towards our customers in accordance to our DNA, and also in accordance to our own best interests. This is why we have been very active in supporting our customers by granting state-guaranteed loans. And actually, indeed, we have provided the French customers 27% of all the state-guaranteed loan attributed in France. We have been also very active in granting payment holidays on pre-existing loans. And at the peak of 2020, it was more than 550,000 payment holidays that had been granted in France for €4.2 billion of different maturities. Around 80% of all these payment holidays have now ended and in 98% of the cases, the payments have resumed completely normally.

Direct support to customers

In addition to that, we have also been very active in granting direct support to our customers. It is been the case with Crédit Agricole Assurances that has provided a very strong and extra contractual support to small business and self-employed professional policy holders in the second quarter. It is been also the case with different entities of the groups that all together provided in excess of €70 million of solidarity donations and different kinds of supports in 2020.

Global relationship model

We have continued to develop our global relationship model in 2020. And we have been at the same time improving our digital features, but also, we have continued to improve the quality, the efficiency and the empowerment of all our staff that is facing customers in order to be compliant with our commitment to provide the best of digital and the best of human relation to all of our customers.

Committed to Societal Transitions

We have continued to work alongside our commitments to support societal transition, both in the direction of being an ESG leader and it has been the case in the investment field of the group, Amundi and Crédit Agricole Assurances, but also in the banking area with CIB, with LCL and with the network of the regional banks. And we have also been very active in our inclusivity commitments, because we believe very much in our social role, in terms of inclusivity. And we have been, for example, a very important employer when it comes to hiring young people or when it comes to proposing trainingships to students.

New Partnerships Globally

We have continued to deploy our global strategy. You'll know that the strategy of CASA is at the same time to permanently strengthen the intensity of its relationship with its customers, but also to offer the capacity with specialized business lines to deploy their activities on additional customer basis through different kinds of partnerships. And indeed, we have been very active despite the difficulties of the year in concluding new partnerships in Europe and in Asia, in the different specialized business lines that we have in insurance, in asset management, in consumer credit, or in wealth management. Lastly, we have continued to dispose of non-core assets in order to keep permanently focused on our main strategic lines.

Asset Gathering and Insurance

Progressive Recovery in latter half of year

Let me go now, starting with page 22 on some additional comments on the performances of the different business divisions of the group, starting with the asset gathering an insurance activities on page 22. I think that what we have seen across this year in the asset gathering and insurance business division is a very difficult start of the year with markets that were in a perfect turmoil and a progressive recovery, and in Q3, as well as in Q4, we have had at the same time, a recovery of the market valuation of our assets plus strong inflows. And it has been, again the case in Q4, both in the asset management and in the life insurance activities. So overall a good quarter and overall a quarter that is ending with the total contribution of the business division that is of course impacted by the very hard beginning of the year, which is all-in-all very positive for the full year.

Insurance

If I drill down on the insurance activities, what we have seen in the last quarter of the year was a very strong rebound of the activity with all-in-all, the net premium income, which is up 3% as compared to Q4 2019 and up close to 20% between Q3 and Q4 2020. And it has been, especially the case in, non-life activities. So P&C and protection businesses, which actually continue to post year after year, a significant increase and continue to represent a very sharp gain in market share in France and in the other countries where we are active.

In terms of financial figures, this quarter was very solid with the top line up 3.5% in the cost line, which helped by taxes is significantly down. You may see that the level of taxes is very significantly up. It is due to the fact that we have been booking some provisions on some assets that were not tax deductible. And the last point but you have that in mind since Q3 is that we now book the cost of the AT1 debt of Credit Agricole Assurances directly in the PNL and not against equities. So this is why you have now a minority interest or non-controlling interest line, which is negative by €34 billion this quarter, and €80 million for the full year, but actually it has no impact in terms of earning per share. It is only a different type of accounting. And so "restated" quote unquote, from these elements, the net profit of this business division would have been close in 2020, to where it was in 2019.

Asset Management

Posted two records in 2020

Amundi and Asset management. I think we can summarize the quarter with this idea that it posted two records in Q4 2020. The record level in terms of assets under management at above €1.7 trillion, and a record level in terms of net profit on the single quarter. So it has definitely been a very dynamic and positive quarter for Amundi concluding, a very good year.

French Retail Banking: LCL

Solid performance

LCL on page 25, very solid quarter and very solid year, indeed. This quarter, the activity was certainly impacted by the second lockdown but much less than in Q2 and this explains how we have been able to post a significant increase in the level of loans outstandings or customer assets. From a financial viewpoint again this quarter and for the full year, very positive jaws effect, leading to an increase in the gross operating income of course, an increase in the cost of risk led by the provisioning of performing loans, of course, like in all other business divisions, and all in all very positive and resilient year for LCL in the context.

International Retail Banking

Italy: Resiliency and rebound

In Italy, the beginning of the year was probably harder impacted by the lockdown than in France and this explains why the activity was subdued in Q1 and Q2. It started to rebound in Q3 and the rebound was continued actually in Q4, and in Q4 for the first quarter of the year, we have managed to post that increase in the top line in Crédit Agricole Italia. In addition to that, we've been booking some additional provisions of course, but thanks to a very significant sale of an NPL portfolio, we have continued to improve the level of NPL, which is down and the coverage ratio, which is up, this quarter. So very resilient quarter for Crédit Agricole Italia.

All in all, in Italy, you have the different figures that we usually post about all our Italian activities on page 27. What I can note is that globally in Italy for the full year, we have managed to keep a level of profitability, which is very high, €571 million of underlying net income group share for the full year, which is only down 11% as compared to the same figure in 2019. Maybe in addition to that, a few elements on the Creval operation, which is going its way perfectly online with the initial schedule.

We have announced the offer on Monday, 23rd November 2020. We have finalized all the filings mid-December. We have received the final approval of the European Union, in terms of antitrust authorities beginning of February, we have also received the approval of the Italian authorities. So we now have to wait for the ECB approval, and then we can file the offer with the [inaudible] in order to lounge effectively the offer so we are perfectly in our scheduled time table.

Rest of International Banking Activities

The rest of the international banking activities are on page 28. Clearly it is been a difficult year because in most countries where we are active, we have had two adverse elements. The first one was a significant decrease in interest rates as an answer of the monetary authorities to the crisis, and this has put a very significant pressure on the revenues. And in addition to that, we have had to book a significant additional provision, but we are now progressively recovering. The coverage ratio of our non-performing loans in all these business division is above 100%.

And in addition to that, we have announced beginning of January that we have signed the disposal of our banking activity in Romania, which was for sale since quite a long time.

Specialized Financial Services

In the specialized financial services division, so consumer credit, car financing, leasing and factoring activities again, the last quarter of the year was earmarked with a strong rebound in the level of activity, and as an illustration to that, we can say that at CACF, the best months of the year was December, which is not usually the case. So this helped to contain the decrease in the global loans outstanding to around minus 1.3%. Of course, this not completely enough to preserve the top line, but I think that what is remarkable is the capacity of this business division to really adjust the cost base in order to try and preserve as much as possible the profitability. So on the last quarter of the year alone, the cost to income ratio is below 49%. So it is a very reactive, approach. The cost of risk on the quarter is up as compared to Q4 2019, but it is down as compared to a Q3 2020. So clearly, we are not, again, in this business division, in the situation of a massive deterioration in the credit quality.

Large Customers

Going now to the large customer division, what we can note is that the last quarter was a little less buoyant than Q2 and Q3. But nevertheless, it has been a very good level of activity, as compared to Q4 2019 because we are up globally in terms of revenues a little bit more than 1%. In the asset servicing activities, we are now in a situation where we progressively benefit from the integration of Santander securities services in the perimeter of CACEIS. And so we are going to progressively compensate the minority interest that we recognized for our minority shareholder Santander.

Corporate and Investment Banking

If I drill down now on CACIB on page 31, we have had this quarter a stability of the top line, which is, actually due to a forex effect because restated from this forex the revenues would have been a slightly up. But what is interesting to note is that for the full year, we are posting revenues up close to 9% and thanks to very good cost control, the gross operating income in this business is up close to 15%. So despite a very sharp increase in the cost of risk, it is a multiplication by five for the full year, but keep in mind that the H12019, we were still, in the situation of loan loss provision reversal. So we have been able to absorb very significantly this increase in the cost of risk with keeping a very high level of profitability for the CIB division, close to €1.2 billion for the full year. And again, I want to note the very attractive cost to income ratio at CACIB.

Corporate Centre

Corporate Centre, we continue to improve structurally the corporate centre since that in Q4 of 2020, we were a little bit down as compared to Q3, but actually it is mainly due to a tax effect. If I zoom on the revenue line or on the cost line, the improvement continues to be here, quite significantly this quarter again.

Regional Banks

Regional banks of Crédit Agricole, of course, we will find more or less the same trends as the one we have seen at LCL. A very dynamic level of activity in Q4, very good cost control. Of course, there's an increase in the cost of risk, but if you see the performance for the full year, you will note that again for these perimeters, the whole of the regional banks of Crédit Agricole, the contribution to the net profit of the group is down only 14%, despite the multiplication by more than two in the cost of risk.

Again, this very strong robustness of the upper part of the P&L has been able to absorb most of the increase in the cost of risk. And again, this increase in the cost of risk was mainly made of provisioning of performing loans. For the full year, the regional banks of Crédit Agricole managed to attract more than 1.1 million new customers. So very significant customer attractivity.

Financial Strength

Stable RWA evolution

If I go now on page 36, it is the financial strengths and the solvency at CASA level. You will see that, in terms of RWA evolution, we have been very, prudent this quarter. And, indeed the overall RWA evolution is slightly down, let's say stable between end of September and end of December. It is the combination of a reduction in the business lines contribution, slight increase in the insurance contribution because of the net profit that is not paid under the form of a dividend to CASA yet, and then some methodological and regulatory effects, which represent all in all an increase of a little bit more than 5 billion RWAs.

Solvency ratio

This is leading to a solvency ratio that increases significantly between end of September and end of December, it's the result of course, of the good level of profitability plus the fact that our dividend policy is going to represent the smaller impact on the solvency than the one we had provisioned and accrued end of September. So there is a positive effect of the distribution this quarter, which is a little bit counterintuitive. The RWA evolution, considering what I have said is, positive too. And then you have some, technical methodological and regulatory effect that bites a little bit the solvency ratio, but we end up the year at 13.1%. And if I already deduct from this level, the impact of the decision that has been announced that 15% of the switch mechanism will be unwound end of March, it will nevertheless leave us with a solvency of 12.9% so well above any regulatory requirements.

Group level solvency

At group level, also a very high level of solvency with more or less the same elements; a very flattish evolution of the RWA basis, plus 2 billion across the quarter. Very good level of results that is integrated in the solvency and all the other technical elements that do not play a significant role. So all in all, 17.2%, CET1 ratio, which of course triggers also a very high level of TLAC and MREL ratio, as well as a high level of leverage ratio. Liquidity is definitely not an issue. Our reserves, our LCR ratio, all our indicators are at their highest levels ever. It is just interesting to note on this page that in terms of TLTRO growing. We end up the year with a total outstanding of €133 billion of drawings for the group globally.

Market Funding

In terms of funding, market funding on page 39, definitely, the 2020 program has been completed in a very good condition. And we have announced a program for 2021 that is going to be used considering the ample liquidity that we have, and that is going to be concentrated on TLAC eligible debt, not on senior preferred unsecured debt. I think we can now stop the presentation and I'm more than happy to answer your questions, of course, with the help of Philippe, if you want to address directly some questions to him.

Q&A

Giulia Miotto (Morgan Stanley): Yes, hi, good morning. Can you hear me?

Jérôme Grivet: Yes, perfectly.

Giulia Miotto: Okay. Fantastic. And so, let's go back to the €0.80 dividend if possible. Could you just clarify the, sorry, the timeline of this statute? So, the share buyback, if I understand it correctly is what it have been in Q4, not earlier. And then, secondly, the 20 basis point of capital limit imposed by the ECB. How that announcement fits into that.

That's my first question. And then the second question, we have seen some changes in the competitive landscape in France and I was wondering if that has any implication for, the Group is considering any senior movement? Thank you.

Jérôme Grivet: Okay. On the dividend, to be precise, the share buyback is going to be done in two steps. The first step can be done before the ending of the present recommendation of the ECB because it's part of the dividend policy that we have announced to the ECB. Let me try to explain it this way, the ECB has granted us the authorisation to pay this dividend with the idea that the majority shareholder is going to take the scrip dividend option as well as the mutual fund of the employees.

So, let's say 60% of the dividend is going to be paid under the form of shares. And the conservative assumption, which is coherent with the 20 bps CET-1 impact at group level is that the rest of the dividend is going to be paid in cash. So the rest of the dividend ie 40%. If a certain proportion of the minority shareholders choose the scrip option rather than the cash, it's going to create additional shares and additional capital in excess of, I would say, as a conservative assumption that is made by us with the ECB and all these shares created in excess of this conservative assumption, can be bought back and destroyed before the ending of the recommendation.

So, I don't know exactly what will be the magnitude of this first layer of the buyback, because by definition, I don't know what is going to be the take-up of the minority shareholder. It's probably not going to be zero, that's for sure. And historically, it's always been in the region of two-third.

But I don't know exactly what it will be this time and the only thing I know is that all these shares can be bought back before end of September.

Then, we will conduct a second buyback operation, which has to wait until the ending of the recommendation of the ECB which will require a specific authorisation from the ECB. So it's not going to take place any time before the end of September whatsoever. And this second operation will be dimensioned in order to offset, to completely offset the last element of dilution that could remain after the unwinding of the switch and after the first layer of buyback.

So this is why it's very difficult for us to exactly calibrate the amount of the buyback. So we've said that it can go up to a maximum of 5% of the capital that it fully depends first on the price of the share that we will issue in May. And second, on the take up of the minority shareholders.

So, I don't know if I am completely clear. I hope so. But I think that I have also answered your second question regarding the dividend which is that, the assumption of zero take-up by the minority shareholders and so the assumption that 40% of the dividend is going to be paid in cash, is the indicator that is coherent with this 20 bps impact of CET-1 ratio at group level.

As far as the competitive landscape in France is concerned, well, we've always been in a very competitive market in France, that's for sure. And we've proven, the regional banks of Credit Agricole on the one hand, and LCL on the other hand, but also CACIB for the wholesale banking activities that we know how to evolve in the competitive landscape and we know how to try and gain market share and gain customers.

So, we haven't seen any significant changes in the competitive landscape in France especially in 2020. We've been focused on first adapting our set up to the environment and to the COVID crisis and second, try and continue to develop activities. But clearly, the landscape was competitive, remains competitive and we don't expect it to be less competitive going forward.

Giulia Miotto: Thank you.

Jérôme Grivet: Thank you.

Jacques-Henri Gaulard (Kepler Cheuvreux): Yes, good afternoon, gentlemen. So two questions coming back on the €0.80, the question is two-fold. First, I want to make sure that all that set up is really specific to 2020 obviously distribution. And then, if that's the case, is there – are you going to update a little bit, how you are going to break down the excess capital between acquisitions, capital returns, minimum CET1 requirement, is that changing on the back – from your 2022 plan on the back of what you have announced? That's the first series of question.

And the second one, it's amazing how this set up is really showing how the alignment of interest within the group between mutualist ,between clients, between shareholders have really come to its peak of efficiency here. Is it something you could have done five, six years ago? Or do you get the feeling that it's only now in the way the group is organised that there is something that could effectively be done? Thank you.

Jérôme Grivet: Thank you for your questions, Jacques-Henri. I think that I will wrap up my answer to all the aspects of your question, in one, because actually, what we are doing this year is specific. We are in a specific situation, which is a situation created by the constraints of the ECB.

We are in a specific situation because we have this remaining 50% of the switch mechanism that was to unwound at a certain point in time and we have now the opportunity and we are certainly in a specific situation that is going to last because it's part of our DNA, which is that we have this majority shareholders.

So indeed, we are taking specific measures to address the specific situation of this year taking advantage of the specific organisation of the group. But we are not going to repeat going forward this specific set up of elements, because we don't want to – what we are aiming at is, as Credit Agricole SA towards its shareholders is to behave like an investor-friendly vehicle.

So we find it relevant this year to address the specific situation by this specific set up of measures. But going forward, we will go back to normal cash dividend pay-out hoping that this constraint is not going to be in the future. So, what are we going to do to catch up with the rest of the dividend that it has not been paid in 2019? We will see.

The idea is that, clearly, we've think that we will end up after all these operations with an excess of capital that will continue to be significant. Again, it depends on the price at which the new share is issued and so the number of new shares, probably after all these operations we will end up close to 12% in terms of solvency, which is far above our 11% target.

So, we'll have some – when probably when the situation is clearer, as to reassess and update our capital trajectory, and this is something we will probably do in the course of this year.

Jacques-Henri Gaulard: Fantastic, thank you.

Jérôme Grivet: Thank you.

Jean Neuez (Goldman Sachs): Good afternoon. So, I will have to continue a little bit on the dividend. So the question I'm asking very simple is, will the €0.80 as far as I look in the past, it's a bigger number than the dividends of the regular subscribers of when it was supposed to paid. And I just wondered whether, so you just alluded that you could perhaps the next after 2020 because you have some excess from 2019 remaining.

But I just wanted to understand whether in your opinion and that you have said this €0.80 so to speak, a precedence, whether you think it's from here acceptable if you have to go down again, because you see a lot of companies don't like to – the dividend go back down and as they call it a special dividend.

So I just wanted to understand your thinking for the slightly more forward-looking part of the EPS which is important for income funds.

And the second thing I wanted to ask is, the venture on asset gathering and your strategy of plugging your product factory into networks, so for example now, you are doing this also, potentially the acquisition of Creval, but for example, we saw that the renewal of the agreements with certain banks has led them to choose open architecture which to an extent weakens, you could argue the competitive position or the exclusivity of some of your product factory.

I wanted to understand what you think is going forward in particular if the European banking landscape consolidates, whether you are thinking to grow faster in acquiring networks or bolting them on, or whether you think you have more opportunities to strike new partnerships to offset the ones where maybe they weaken slightly going forward?

Thank you.

Jérôme Grivet: Thank you, Jean Neuez for your questions. Let me go back on your first question. It's way too early to tell what we are going to do after 2021. It's clear that in our mind, we are going to pay €0.80 of dividend on the basis of total intended dividend I would say that was €0.70 for 2019 and probably around €0.50 for 2020. That means that we will have paid around €0.80 out of €1.2 of dividend that could be accrued on the basis of our 2019 and 2020 results.

So we think that we have the capacity to continue in the coming two to three years, to somehow complement our normal traditional dividend policy for our shareholders. But having said that, I am not in a position to tell anything precise on what level, how it's going to be spread, how it's going to translate in terms of commitment and so on and so forth. It's way too early.

I give you a – I make you hypothesis in your assumptions. It's just that if you take a look back, the maths of the ones that I've just explained, we will have paid after all these operations, €0.80 out of €1.2.

In terms of asset gathering activities and how we can continue to develop our capacity to distribute going forward, I think that you have seen that we've been doing that in 2020 despite the difficulties of the year.

The idea is clearly to continue to conclude partnerships. And sometimes we are going to conclude partnerships with banks that are going to change their mind or be part of the merger, of a merger that will put an end to the cooperation with us.

But the idea is that we have the capacity regularly to conclude new partnerships, because our business lines are specialised business lines in the asset management, in the insurance business, but also in consumer credit and so on and so forth are strong. They are attractive and they can provide our partners the capacity to enhance their offer towards their customers.

So, if some of our partner decides to put an end to the partnership or to enter into an open architecture, well, so be it, again, we have the capacity and we have proven it again in 2020 to continue to pilot new partnerships in order to continue to develop the distribution capacity of all our business lines.

Jean Neuez: Okay. So it doesn't make buying banks more attractive compared to the past?

Jérôme Grivet: No, no, no. Clearly, the operation that we have launched on Creval is very specific and it's directly linked to the fact that we are already a retail bank in Italy. So, we have the capacity to generate cost synergies, revenue synergies, funding cost synergies, by merging Creval and Credit Agricole Italia. But we don't have the need to grab the control on additional distribution capacity.

We clearly think that for banks that are successful in their banking business, in their core business, but need to enhance the quality and the variety of their product offer, it is attractive for them to enter into partnerships with our business lines.

Jean Neuez: Okay, thanks. Super clear.

Jérôme Grivet: Thank you.

Omar Fall (Barclays): Good afternoon. Could you – can you hear me?

Jérôme Grivet: Yes, Omar.

Omar Fall: Okay. So, just a couple of questions from me. So if I would assess the 800 million or so of stage one and two provisions, you are basically hitting your 11% ROTE target under the MTP without really doing anything else and bearing in mind you're carrying more capital than you target. Are you still happy with that 11% target? Because I guess for most banks, it's a struggle to make a double-digit.

So, I mean, assuming the macro environment continues as expected, what other headwinds should we think about for you not to hit that number? Is it just normalisation of capital markets revenue? I don't expect you to tell me that you are going to meet your target or not, but I'm just trying to think what are the potential headwinds.

And then, just a higher level question, looking through your presentation, I don't know if there's much mention of the topic of potential transformation of all the excess retail deposits from individuals because of the pandemic, the potential to shift these into unit-linked products, mutual funds, I would have thought this trend would be a key one for you or all the banks.

Is that because you don't see signs of it yet, or do you think these extra savings are just going to sit in, sight deposits and Livret A. Thanks.

Jérôme Grivet: Well, on your first question, it's true that we have reached close to 11% return on tangible equity back in 2019. This year, we have had this additional stage one and stage two provisioning and this is part of all the elements that explain that we are down back to 9.3%, yes it is, 9.3% for this year. It's a very good performing level. We continue to target to be at 11%.

We see what will be the positive and negative elements that are going to help us and to preclude us from reaching this level. I am sure that there are still a lot of uncertainties going forward. And so, I am sure that we will have to struggle to reach again this 11% level.

And I am not in a position to tell that, of course, we are going to raise this target because we have been close to reaching it this year if you restate the figures from again from S1 and S2 provisioning. So, there can be headwinds. There can be tailwinds going forward.

I think that our idea and our commitment is to try and reach the target with almost any kind of combination of headwinds and tailwinds. The transformational sight deposits and livret A into a longer term savings product, may, going forward, it may represent an additional source of business for our insurance activities and for our asset management activities.

We haven't seen in 2020 a very strong trend towards that type of move by our customers and what we have seen on the contrary is the permanently growing level of sight deposits and livret A and PEL whatever, because there has been some, I would say *attentism* from our customers and I think this is not going to change before the sanitary situation is a little bit settled, which we expect to take place probably middle of this year, not before.

So, of course, we are ready, Amundi is ready, Credit Agricole SA is ready to make offers to the customers that would want to invest longer these amounts as soon as they have more clarity on their own future.

But for the time being, it's not really what we see, but we are ready to of course, to be here when the customers will want to make longer term decisions with their savings.

Omar Fall: Great. And just a cheeky follow-up. Just the NII and LCL, very briefly, there is a big jump there that you mentioned, is driven by favourable refi conditions. Sorry, if I missed that. Is that TLTRO I thought you did most of the acquisitions?

Jérôme Grivet: No, it's a combination of elements at LCL. The NII increases by around €30 million, Q3 to Q4 and close to €50 million, if I remember correctly, Q4-on-Q4. The improvement is due to a volume effect by definition loans outstanding are growing and it's helping.

It's also due to the refinancing conditions and the TLTRO is clearlypart of it, and there is also – we've mentioned that LCL and again it's a benefit of the global group in which we are, as it has sold down a portfolio of loans to Credit Agricole Assurance, Credit Agricole Assurance is looking for assets that are at the same time safe and more rewarding than bonds and LCL is keen to not to consume too much liquidity.

And so, LCL have sold a home loan portfolio for around €400 million of loans to Predica in the last quarter and it managed to lock a small but significant at the scale of the evolution of the NII capital gain on this sale. So this is part of the improvement of the NII in this quarter.

Omar Fall: Thank you, Jérôme.

Jérôme Grivet: Thanks.

Guillaume Tiberghien (Exane): Yes, good afternoon. The first question relates to Basel IV. Can you update us about the impact and if possible to give a bit of details on the timing and the areas where that will impact?

The second question relates to partnership in consumer credit excluding the 89 million dispute on FCA Bank is only 50 million, we were used to 70 million or 80 million per quarter and so from the 51 of Q4, what would be sort of a new normal in Q1?

And then the final one if I may, your current liquidity target was announced pre-CRD5 Article 104. So, are you going to reduce it? And so, is it going to be the story of the next strategic plan of the story in one year? Thank you.

Jérôme Grivet: Basel IV seems to be the never ending story. It's been postponed. So now the timetable is that, it's due to enter into force in 2023 and we are still waiting for the draft proposal of the directive from the European Commission. And it's going to phase in progressively up to probably 2027 or 2028 will be the full ramp up of the output through our mechanism.

So it's definitely a long shot. And we don't have full clarity as of now, of the fine tuning of the different elements. We'll be able to assess more precisely the impacts when we'll have the draft proposal of the European Commission.

But I remind you that, when you published the medium-term plan, we said that this would represent a 60 bps impact on this CET-1 of CASA when entering into force.

So, for the time being we keep this order of magnitude in mind, but we will fine tune better this and better assess this impact when we will have the draft directive of the commission, which is expected probably for this spring.

Nevertheless, I think that – and this is also relating to your last question, I said earlier that we were going to update our capital planning going forward. We will be able to do that with integrating the Basel IV impact and which also getting full account of this article 104-A, that has a positive impact actually, on the CET-1 requirement considering the fact that part of the Pillar2 requirement can be covered with subordinated debt. So, clearly, this may lead to the conclusion that you have in mind.

The different changes in the car financing business and in the consumer credit and car financing business, well I think that the reduction in the level of contribution this quarter is mainly due to the fact that besides the one-off - positive one-off effect on the FCA disputes, all these entities has booked like it gets directly at CACF additional provisions in the last two or three quarters.

So this has a slight decrease in the equity accounted contribution, but production of the car financing entities has been very good in the last period of the year, both in China and in Europe. And the other entities accounted for on this line are starting to recover also.

So, I expect that this level you are mentioning is a little bit low point that we are going to be able to recover going forward.

Guillaume Tiberghien: Thank you.

Jérôme Grivet: Thank you, Guillaume.

Tarik El Mejjad (Bank of America): Hi. Good afternoon. Just a couple of questions please. First come back on the dividend. I mean, that needed some engineering, but that's welcome. I was just wondering why you didn't just stay the limits you have to be on ECB until the end of September and then do a big amount, big payments after that.

Because, I mean, correct me if I am wrong, but the way you will do it is that the ownership from the SAS Rue la Boétie will raise a bit, because even if you have the buyback, would that offset completely the share issues? Maybe you can just correct me here.

And secondly, on the capital, so the switch to repayments, do you think that's a trigger any lower below to your guidance on scrip or there was no concern from the ECB or any add on in regards to that?

And last on the cost of risk, I know we ask you all the time, but could you give us some indication of 2021 level of cost of risk, how it will be versus towards the likely cost of risk guidance of 40 basis points. Thank you.

Jérôme Grivet: Thank you, Tarik, for your questions. First question, why didn't we simply wait for September and then pay an additional amount in the last quarter. Well, to be frank, this is what we had in mind for last year. We had in mind last year that we will wait for Q4 and in Q4, we will be able to pay something. And actually what happened is that, for some reasons that we can understand, it was not been made possible.

So, clearly, this year, we've decided that as we had the capacity with some engineering to immediately offer the optionality to our shareholders, we thought it was better and more assured for our minority shareholders to offer this optionality, one-off directly in May, as in a normal year and then, it's our task to make sure that at a certain point in time we are able to do this share buyback that we have in mind in order to fully offset the valuation.

So, this is why we thought this was relevant to put in place this engineering that you are referring to.

This will, or this may indeed lead to a certain relution of SAS La boetie in the capital of CASA, that's true. But it's going to be minor, nevertheless, and keep in mind that regularly year-after-year with this capital increases that are reserved to the employees, the size is diluted somehow. So, all in all there are movements in SAS La boetie has always been and is always be – is going to be in this region of 55% plus up to 57%, 58% whatever.

It doesn't change a lot, the structure of the capital of the group and it was not a big drawback considering all the advantages that we are offering to our minority shareholder with this security and this optionality that we are proposing to them directly.

Is the switch dismantlement going to lead to a modification in the Pillar 2 guidance? I don't know. I am absolutely not in a position to tell and we'll see going forward once it will be performed and completed, how the ECB is going to react to that. It's not been part of our reasoning.

Then cost of risk, it's a very difficult question. If we are right, i.e., if our analysis of this crisis is right, if our analysis of the fact that the public policies put in place to react to the crisis, are right and up to now, they have been right, then the pandemic is going to be monitored and kept to the controls somewhere in the middle of this year and if the different public support are not lifted too rapidly, we think that the improvement of the economic backdrop, it may be very sharp and even sharper than what most observers think.

And so, clearly, we think that this should lead to a situation where the cost of risk in 2021 is going to be below the one that we had in 2020. But again, the main word in this environment, is, uncertainty and especially uncertainty on the timetable.

There is, in my opinion a certainty on the fact that at a certain point in time the pandemic is going to be put under control and it's going to be over. There is an uncertainty about the timetable, the precise timetable and that's important to have in mind.

Tarik El Mejjad: Thank you very much.

Jérôme Grivet: Thank you.

Azzurra Guelfi (Citi): Hi, good afternoon. Two questions for me, one is on volume and demand in the coming months, because there have been some restrictions still in place and how would this affect the demand, especially, if we look at the corporate demand has been, if you want, more stable in the fourth quarter versus the third one, and any colour that you can give us on the state guaranteed loans there?

The other question is on the large corporate and the revenue. It has been a bit soft compared to your usual – then also compared to peers. Can you explain us if you are seeing any – do you guys got any plan directly to take care of the current consideration?

Jérôme Grivet: Sure, Azzurra. Let me start with your last question, because it's quite straightforward, actually. It's true that in some areas the FICC activities has performed well in Q4. But it happened in those areas, we are not very present and which are those areas it is the commodities markets, and we are not active in the commodities markets. It's the hedge fund segment of customers and we are not active towards hedge funds and it's especially, it's the US based activities and we are smaller in the US than most of our competitors, direct competitors.

So this explain why it can seem that we've been a little bit underperforming this quarter, but really, if you drill down a little bit in the different activities that performed well as compared to the ones that were subdued not only for us, but globally on the market, you will note that actually what happened in Q4 is perfectly natural and doesn't show any kind of, you know, disfunctionning of our activities. So, I'm very confident on the contrary that we've improved globally our positioning in the field of CIB in 2020 and that this is going to be consolidated going forward.

Let me go now to your question about credit demand volumes and so on and so forth. It's difficult to tell of course. What I can tell you is that we continue to be active and our networks continue to be active and we continue to have a certain demand from new state guaranteed loans. You know that the mechanism has been extended in France consuming the fact that the business restrictions continued to be applied. And we continue to see a certain level of credit demand. And you know that with this extension of the TLRTO benefits that we may claim from June 2021 to June 2022, we have now to follow the evaluation of eligible loans between – beginnings of October 2020 up to December 2021. This is the new reference to be illegible to the extension of the premium. And up to now, I can tell you that volumes since this date of beginning of October continued to be up on this perimeter in prep. Okay?

Jérôme Grivet: Thank you.

Pierre Chedeville (CM-CIC): Yes, you can hear me?

Jérôme Grivet: Yes. Pierre, perfectly.

Pierre Chedeville: Okay. First question is regarding insurance and most specifically, I wanted to know if you are – you have mentioned a lot the partnerships you want to develop to grow generally, but I wanted to focus on insurance and I wanted to know if except Italy, you had any expansion project in other countries. And I was thinking for instance to develop a creditor insurance through your significant presence in consumer credit or other types of insurance product internationally? Because in France, you're number one and in Italy, you're already number six. First question.

Second question, as most of us, we are trying to understand the magic behind the very good figures in LCL. And I was wondering where you are regarding the private bank activity inside LCL because we don't see a lot of figures regarding this aspect of the question. So I just said, and we know about your main competition are focused a lot on private bank in the retail network.

And my last question is regarding the TNLRO. One of your competitors explain this but he didn't take any bonification in his account regarding TLTRO, because as you probably know, you have some volumes regarding the way we account for TLTRO as long as we don't use it. And it seems that you have a more aggressive stance on this accounting points and I wanted to know why. Thank you.

Jérôme Grivet: Thanks for your question. First, regarding insurance activities, it's not exactly true that we stick only to Italy in the development of our partnerships, because you may know that we have concluded a partnership in Spain in order to develop a business of P1C insurance. And we have also increase and actually push it up to 100% our stake in the capital of Novo Banco insurance in Portugal. So definitely, we are not sticking only to Italy and we deem reasonable and possible to extend our footprint in insurance in other European countries. In addition to that, I want to mention that actually, our credit or insurance business is accompanying our consumer credit business across Europe and actually, we have a creditor insurance company that is based in Dublin in Ireland. That is proposing its products all across Europe with the European passport alongside with our consumer credit activities. And so, actually, we are active in creditor insurance and we develop the sales of creditor insurance products across Europe simply by accompanying our consumer credit business.

At LCL – well, I think LCL is performing well globally and it has made choices on focusing on developing on certain areas in terms of, you know, being very customer-centric and customeroriented. If I take the figures of the assets managed by LCL Banque Privée the figure was 46 billion end of 2018 and it's now 54 billion, so it's a strong increase actually in two years' time. At the same time, at IWM, so the dedicated private banking entity that we have, assets under management which are higher in terms of volumes where a little bit in decrease because of the refocusing of the business that we've ended up taken. So clearly, the development of the private banking LCL is quite dynamic and this translates into the increase in the fees that LCL gets from these activities. So this is another amount of explanation of the good performance of LCL.

Pierre Chedeville: And regarding the TLTRO?

Jérôme Grivet: And regarding – excuse me. Regarding the TLTRO, excuse me, we have direct accounted and accrued the benefit of the first premium. That one that is going from June 2020 to June 2021. We accrue it as time passes by on the basis of this period of one year simply because we have already reached the condition that is – that has to be satisfied to get the premium. So, we didn't see why we should accrue this premium over three year when the condition was already met. And what we have seen when studying the publication of all our competitors is that we were not the only one to do so. We see that another competitor is accruing it over three years. I don't know exactly why, but for us, it's very clear that considering the fact that the condition was met, the accrual over one year was the only reasonable accounting treatment and actually it's been perfectly validated by our auditors.

Pierre Chedeville: No problem. Thank you.

Jérôme Grivet: Thank you.

Jon Peace (Credit Suisse): Can I ask Tarik's question on cost of risk in a slightly different way which is that a couple of your Frenelux peers has now suggested that the cost of risk will may be a little bit above the through the cycle rates in 2021. And is the economic conditions were suitable that they can actually deliver on that given your strong coverage or superior coverage? Would you expect to be any different in trend to those peers?

And then my second question is just on the switch. How quickly do you intend to retire the other 50% after we go past the first quarter 2021? Should it be linear or back-end loaded with retained earnings? And given you've made the decision to retire the switch, could we read into that that you don't anticipate any M&A over two years? Just bolt-on deals? Thanks.

Jérôme Grivet: Well, good questions again. First on the cost of risk. It's true that we have a higher covered ratio than most of our peers. But it's clearly part of our DNA, so it doesn't mean that we are here just to, you know, reduce this coverage ratio if the risk raises. So, we are going to navigate over time with structurally a high coverage ratio because it's clearly part of our DNA. And we are going to [inaudible] the evolution of the economic landscape and we are going to book the provision that this is the risk going forward. And so, I don't know exactly what the cost of risk is going to be. I say that it should be – if our assumptions are right, in 2021 below what has been in 2020 over a cycle or across a cycle, the assumption that we had made where that level of CASA it should be around 40 bps and that's the level of the group level it should be around 25 bps, we were respectively at 62 and 38 last year, so there is a certain space between those two figures and again, our business is more to realise performances rather than to forecast them, so we are going to continue to focus on delivering rather than on fine tuning our forecast, if you allow us.

On the switch, I don't know now exactly what the timetable will be. Of course we are still in, again, a quite uncertain environment, so we thought the most – I would say the swiftest way to express our commitment was to say we were committed to unwind 50% of the mechanism by end 2022, we modified simply the level of the commitment, we say we are going to unwind 100% by 2022. So I will not try to give you clues on which date and so on, I don't know, we'll see. This is – all this is quite recent actually because since 15th December which is the date at which the ECB issued its recommendation, we have had discussion with the ECB in order to make sure that our set of dividend was acceptable for it and we haven't had a lot of time to fine tune the timetable of the unwinding of the switch mechanism, so we will see, but the commitment is to have completed it before year end 2022.

And your last question, John, was on – excuse me, I mean – excuse me for that. Well, the idea for us is not to pilot excess of capital in order to be ready for M&A. So we want to navigate with a level of capital that is compliant with all our constraints that is as close as possible to the target that we have set, we are far above this level it's not because we are making results for M&A, it's because of all the constraint that you have noted in the last 18 months of your – or 12 months. And so it happens that we have a higher level of solvency and it's not designed in order to build a reserve for M&A. So that's two different things, the monitoring of the evolution of our solvencies in the normal course of business and then if there is an M&A that is attractive enough to justify the fact that we can raise equity to finance it, then of course we'll have to make the proof that it's worth the case and we'll do so but the idea is clearly not to keep excess of capital just in case there is a good M&A opportunity. Okay?

Jon Peace: Thank you.

Jérôme Grivet: Thank you.

Delphine Lee (JPMorgan): Good afternoon, thanks for taking my questions. I just have two very quick ones on capital if I may. The first one is just to go back on buybacks, historically I think as a group, you've tended to have a preference for dividends over buybacks and clearly this one that you're stoarting for 2020 is – has a purpose of compensating for the dilution of the script but I was just wondering going forward in terms of return of excess capital, if you still have a preference with dividends or buybacks is going to become a bigger component of capital distribution and are you concerned about the level of free float or you don't really mind because that doesn't really affect your decision making process? Just checking.

Second question is on the capital headwinds that we should expect. So you mentioned that basel IV and TRIM, just checking that beyond the 20 basis points for TRIM you've taken Q4, how much is there still coming, if any, in '21 and maybe also longer term, I think one of your peers have started estimating a bit the impact of IFRS 17, so just wondering if you have any indication to give us at this point. Thank you very much.

Jérôme Grivet: Okay. First, share buyback. As I said, we have put in place an exceptional answer to exceptional circumstances. So this share buyback operation that we intend to conduct in the course of this year, is really an exceptional answer to exceptional circumstances. And so it's not something we intend to continue going forward. The free float is of course – it's not a concern, of course it's an element that we keep in mind, we keep that – we think that a free float of more than – between 40% and 45% on the capital of CASA considering the magnitude of the market cap is really ample but of course we wouldn't enter into a process of progressive and permanent reduction of the free float, it wouldn't make sense actually. We are very careful about the interests of the minority shareholder and the free float is one of their interest.

Another element of interest for them is the structure of the capital of their company and we clearly think that in the global combination that we are proposing to them, the complete unwinding of the switch, i.e., the normalisation of the capital structure of CASA is a very positive element. Going forward, the headwinds regarding the capital linked to TRIM, we've still several billion euros of additional RWAs to take, probably around €8 billion of additional RWA between 2021 and 2022, so the precise timetable is not completely certain because of the fact that we need to wait for the TRIM inspections to be completed, the debtors to be received, the answers to be discussed and so on and so forth but this is our best guess, of course it's going to be concentrated on the CIB clearly. This is what we have in mind. This is what we have in mind.

IFRS 17, of course it's an issue on which we're working, it's a very complex issue technically. We're working with that – on that with our colleagues from the insurance activities. I think it's too early to give preciseindication of what could be the impact because there are still many, many moving pieces, including our priorities in terms of monitoring the transition to IFRS 17 because you know that we have several options to take and we haven't made up our mind regarding these options. So too early but at a certain point in time, we have to discuss about it.

Delphine Lee (JPMorgan): Thank you very much.

Jérôme Grivet: Thank you.

Kirishanthan Vijayarajah (HSBC): Yes, good afternoon, Jérôme. Couple of questions on capital again, and first one's really just clarification. Now I know there's lots of moving parts but really, once the scrip and then the buybacks are complete, are you saying that the share count should be flat on where it is today leaving aside the usual drip feed of employees? Can you make that commitment for us on the share count? And I guess the reason I kind of ask is, is this such a clever over-engineered way of distributing cash to your shareholders where actually you know what, in 12 months' time, we don't know what your share counts necessarily are going to be given all the different moving parts there. And then just secondly very quickly, in terms of the RWA decline, you show under the business line contributions, just wondering if there are any special levers you've activated there or is it mainly just a bit of positive ratings migration and bit of seasonality kicking in, driving that stable RWA movement in fourth quarter? Thanks.

Jérôme Grivet: Okay. As far as the share count is concerned, I am not able to give you precise commitment on the future number of shares. What I can give you is a commitment, first, on the fact that in terms of earnings per share dilution, the combination of the switch unwinding, plus the buyback, is going to more than offset the EPS dilution.

And of all our operations, the earnings per share, all things being equal are to be higher than what they would have been without all these operations. And actually, the dimension of the buyback is going to target also the correction of the tangible book value per share dilution that needs to be have. So of course, the precise amount is going to depend again on the price at which the new shares will be issued and on the price at which the shares can be bought back. So that's the moving pieces, but really the commitment is to more than offset the earnings per share dilution with a combination of the switch and the buyback and to correct the tangible book value per share dilution.

In terms of RWA evolution on the business lines, there is nothing very special. It's the combination of all the optimisation efforts that we'll permanently do, plus the movement on the underlying portfolios migration and so on and so forth. Plus, also some forex effect, of course and after that, of course there is part of the TRIM impact that we had to withstand this quarter, but this is specifically mentioned. So for the rest, it's migration plus regular optimisation, plus Forex.

Kirishanthan Vijayarajah: Great. Thanks, Jérôme. That's helpful.

Jérôme Grivet: Thank you.

Jérôme Grivet: Yes, Stefan.

Stefan Stalmann (Autonomous Research): Yes, good afternoon, Jérôme. Thanks for taking my questions. I have two, please. The first one goes back to TLTRO. Could you maybe remind us, if you have given this guidance before, roughly how much of the €133 billion group balance is attributable to CASA? And also, whether you actually have more firepower to ramp up the TLTRO and outstandings this year?

And then the second question goes, also back to the pay-out strategy for this year. I think if add up the cash that will be paid to the CASA minorities, and the cash that will be paid to the Amundi minorities, that combined is roughly worth 20 basis points of group risk-weighted assets. So, that's basically the SSM guardrail I guess.

Does it mean that there is no room left for the regional banks to make their pay-outs? Or will that not be captured? Thank you very much.

Jérôme Grivet: Okay. I'll start with your last question, because of course it's very important. As far as the regional banks' payments are concerned, they are included in the calculation that we've discussed with the ECB, so of course, we have provided room in our global assumptions for the regional banks to pay to their external shareholders, i.e. the CCA and CCA holders. For the rest, they pay to their local banks which are part of the group. So this is considered as internal payments.

When it comes to CASA's subsidiaries having minority shareholders, actually the cash that is paid outside is not part of the calculation, because the minority interest, the capital minority interest of those subsidiaries are capped when we calculate the solvency ratios at CASA and at the group level.

So it means that, the cash out that Amundi is going to pay, that Credit Agricole Italia is going to pay to its minority shareholders too, is not having an impact on the CET-1 ratio of CASA and of the group. So it's not discounted in the overall assessment of our compliance with the ECB's recommendation. And again, this has been made very clear with the ECB. So there is no ambiguity on that.

TLTRO, TLTRO, we haven't disclosed precisely the spread between what is inside CASA and what goes to the regional banks. Just to give you some rough indication, of course, we are not very far from the origination of the loans that allow us to draw at the TLTRO window. By definition, it means that the regional banks are having a significant part of the total because, they have originated the significant part of the loans and they have also a significant part of the collateral that is needed to access to this window.

Do we have more firepower? Actually, the additional firepower that we have as any bank, is the fact that the ceiling is going to go up to from 50% to 55% of the capacity of the eligible loans. So this is the additional firepower that we have.

Stefan Stalmann: Great. Thank you very much for this.

Jérôme Grivet: Thank you.

Matthew Clark (Mediobanca): Hello. A couple of questions, please. So, firstly, with respect to the TLTRO again, is this offered in the retail banking divisions or is there any particular allocation ideology that you pursue like maybe booking the bonus effect in the corporate segment or something like that? So, any guidance there would be helpful.

Second question is just to verify the switch repayment, it doesn't need ECB approval, I guess. Is that the right way to think about things might go into the channel? And then, final question, just coming back to the TRIM risk-weighted assets, you mentioned, could you be a bit more specific about what those portfolios are and maybe what those portfolios that led to the fourth quarter TRIM impact were, just so we can reconcile those. Thank you.

Jérôme Grivet: Well, when it comes to the TRIM impact, it's the combination of many, many different elements, small elements, some of them have impact as low as €100 million or €200 million is the probability of default on certain portfolio plus the loss given default on certain other portfolios, plus whatever, and so on and so forth. So, it's really a combination of many, many small elements, there is nothing big actually in this series.

It's a very, I think we have 10 or 15 different lines that account for what we have to book in the fourth quarter of this year and when we assess what is going to happen in 2021 and 2022, more or less 8 billion RWAs that we forecast. It's also a combination of probably 12 to 15 different items.

So it's clearly nothing massive, but a series of elements that all go into the same direction, of course. Switch, it's clear that as any element that is going to impact the solvency of CASA, even if the switch dismantling has no effect at the group level. We will have to get the authorisation of the ECB, but clearly, I don't expect any difficulty in this regard.

So, once we will think that it's the right time for us to proceed to the unwinding, we will of course do whatever we have to do with the ECB in terms of paper work, but clearly, I don't expect any difficulty on this front.

And TLTRO, I cannot add more than what I said to Stefan in my previous answer. The allocation of the [inaudible] drawings made internally inside the group taking into account several elements, as I mentioned, and we are not going to disclose more precisely these elements.

Matthew Clark: Okay. Thank you very much.

Jérôme Grivet: Thank you. Thanks very much. Thanks for your questions. Always very stimulating. And thanks for attending this conference. I am looking forward to talking to you next time. Bye-bye.

[END OF TRANSCRIPT]