



# **2025 Ambitions Crédit Agricole S.A.**

Wednesday, 22<sup>nd</sup> June 2022

**C. L'Angevin :** Hello. Welcome everybody. We're pleased to invite you to the Crédit Agricole S.A. 2025 Ambitions Medium Term Plan which is hosted by Philippe Brassac, our CEO. We're going to have an hour-and-a-half presentation roughly and then we're going to move on to a Q&A session. So we're going to start with the questions from the people who are here in Montrouge, and welcome to the people who have managed to come here physically to see us. Welcome also to the people who are also joining in virtually. And so we will move to the questions received by chat after the questions from the room, but please don't hesitate to send your questions to us by chat during the presentation and we'll answer them at the end. Without further ado, Philippe Brassac.

## **2025 Ambitions**

Philippe Brassac

*Chief Executive Officer, Crédit Agricole S.A.*

### **Introduction**

Well, speaking just after Clotilde and so professional English accent is probably the first hurdle I have to jump this morning. I guess it won't be the last one perhaps. Anyway, good morning and welcome everyone. Before going any further, let me remind us that the economy and the financial system that serves it are, before anything, dedicated to bring prosperity to women and men of this world. This is why I would like to express a very special thought to our Ukrainian colleagues and their families. Today, we present our main ambitions for 2025. May our first objective naturally be lasting peace in the world.

### **Medium-Term Plan**

I know it's a common practice to introduce a medium-term plan by describing the period ahead as particularly unusual. However, very, very specifically today we can say that this medium-term, which usually refers to an average horizon connecting short and long-term, this medium-term has simply disappeared as an observable timeframe. Actually, this horizon has been split between a short-term that became absolutely unclear because of the accumulation of multiple crises, inflation induced by the monetary measures during the COVID crisis, Ukrainian-Russian War, a surge in energy prices, supply chain disruption, transition to more fragmented globalisation and so on, and at the contrary, on the other hand, the true long-term, what does that mean? What do it mean, the true long term? At least the one we believe absolutely necessary, this true long term has never been so clearly defined by both public policies and very broad opinion consensus about energy decarbonisation, about biodiversity and environment protection, about healthcare solutions for increasingly aging populations, about necessary clinical progress in agriculture and agri-food to produce more and better. And on top of this, the urgent priority of social inclusiveness which is essential for our society's stability.

All in all, a surprising paradigm in which it will be easier to think long than to plan short. However, our roadmap remains obviously no less clear. To help all our clients in all our territories to get through situations that can be very difficult in the short term and to commit ourselves in the long term as facilitators and accelerators of all societal transitions which have become both necessary and urgent.

**First Good News**

The first good news. The first good news is that Crédit Agricole in this kind of very special paradigm remains very confident in its ability to continue its development with the same regularity. It's historical model which combines universal missions and decentralisation has no concrete reason to be hampered by the current uncertain and cloudy context. Our multiple business drivers and the nature of our necessary services for our customers should enable us to improve once again our operational performance by 2025. On the financial front, we are confidently raising our solvency target for the group to above or equal 17%, our net income target for Crédit Agricole is up to over €6 billion, and our return on tangible equity target to over 12%.

**Second Good News**

The second good news is that our DNA as a player regularly committed to major social tool transitions, whether it be the financing of agriculture which was still emerging at the end of the 19<sup>th</sup> Century or providing banking services to households in the '50s or supporting home ownership at the end of the 20<sup>th</sup> Century. This DNA is once again leading us to preempt the new fields of these societal transitions that I already mentioned. And we shall do it with optimism and enthusiasm.

And so, as we do on average every 25 years in the group's history, we are going to structure new businesses, invest in new territories, convinced that usefulness, development, and profitability always manage to align perfectly, provided of course that it is naturally in this precise order. Today, we announce the creation of Crédit Agricole Transitions et Energies and of Crédit Agricole Santé et Territoires.

**Crédit Agricole Transitions et Energies**

The first one, to accelerate the rise of alternative energies to fossil fuels, advisory solutions, financial engineering, power generation, every possible field whether through internal resources or through strategic partnerships with specialised players, a business unit that will also have the ambition to spread and democratise this transition for as many people as possible.

**Crédit Agricole Santé et Territoires**

And then Crédit Agricole Santé et Territoires, health solutions and territories to expand and facilitate access to healthcare especially in the areas where it has become increasingly difficult, the so-called medical desert. And then of course to facilitate aging well, aging well at home with the deployment of appropriate support and devices but also in collective housing in particular by increasing the number of housing units for seniors. We are thus extending our vocation as shapers of the future, a motto which expresses that of our usefulness and of our utility.

Our presentation will therefore be organised according to those two horizons. 2025, with a strong and regular amplification potential, this will be the chapter in which we shall disclose our main financial KPIs. And then the long term beyond 2030, for which we make strong societal commitments investing both for the future of our societies and for our own future. But to make sure you understand concretely our models, I think it is useful to give you today an overall view of what the Crédit Agricole group is both in its nature and its current

dimensions. I will explain to you this kind of magic potion, the way the tiny *caisse locale* of Salins in Jura, founded in 1885 to help farmers, rejected by the traditional banking system, became the largest bank in the world less than one century later in 1981. Even if, since then, the abolition of the Glass-Steagall Act in the United States and the rise of China have brought us back to a very respectable tenth place.

### *Societal Usefulness*

I don't know why but unfortunately usefulness is often presented as a kind of extra touch of soul that companies would manage only on the periphery and not at the heart of their businesses when it is not perceived as a simple communication trait. In the history of Crédit Agricole, usefulness must be understood in the sense of societal needs, societal necessities, financing agriculture, enabling the largest access to banking services, facilitating home ownership, collective goals and actions for the whole society which have driven and propelled our growth over the years.

### *Universality*

The first driver of usefulness for Crédit Agricole has been multiplied and thus magnified by a second principle, universality. Any kind of territories from rural areas to the hearts of major urban areas, any kind of markets from individual customers to major international companies, any kind of transactions from ATMs to structured market transactions, any kind of channels too, from branches to phone lines to the web and now to full digital, and finally and perhaps most importantly, any kind of customers from the wealthiest to the most modest; what is sometimes analysed as a kind of lack of optimisation, why not focus on the most promising fields, on the most profitable products, the most profitable businesses, the full digital relationship, or the richest customers, what is sometimes analysed as a lack of optimisation, turns out to be a so relevant strategy over time. It is this precise but implicit strategy that led to the so-called universal bank model or the synonymous relational model accompanying each client over time by a global approach, approach the full range of his financial needs.

Usefulness and universality, the most magical formula, incredibly efficient and yet so surprising still so poorly understood. This model is misunderstood because people tend to analyse it through fragmented approaches, through silos, through verticals, looking first at retail, then savings, then insurance, then CIB, and so on. People rarely look at the global picture. Many people speak of synergies while we are focusing on orchestrating the global a range of solutions at the service of each local need while we are focusing to provide the full value of an international group to the service of each customer wherever they are.

### **Expansion of Offer Range**

Our first development engine is then the permanent expansion of our offer range. This dynamic keeps growing with the evolving needs of our customers above their patrimony. It has by nature an unlimited growth potential. A banker you know through the relationship and stickiness created with each of his clients can quite easily become an asset manager because this naturally extends the range of savings advice. In the same way, it can offer life insurance solutions. Then become the insurer of his client's assets with P&C solutions. If he manages his client's savings portfolio efficiently, it can then convince them to interest him with their real estate portfolio as well, and then to offer them remote surveillance services and so on, with

no time limit. It will be hard, fortunately, for a real estate agent to become the insurer and for an insurer to become the banker, but the opposite is really easier, seamless and limitless.

Yesterday, it was bank insurance, real estate solutions. Today, we can add long-term leasing and tomorrow, we shall easily add energy transition and healthcare solutions. Of course, this is on the condition that we provide our customers with a real and concrete global approach so they can see the added value not just addressing the different needs through separate business lines. This fundamentally explains why we are and must act as a group, not just a conglomerate of diverse activities. This is the reason we have a group project and not just to juxtaposition of companies' projects.

### **Global Selling**

So beyond the permanent extension of our range of offers, we have another organic development access which is not simply cross-selling, but something that will be called global selling. As you can see, our market share is generally lower on our more recent offers and activities. This is normal of course. However, there is no reason why this triangle of our market shares couldn't become a rectangle with an increase of market shares on the right side. Because it is naturally, on a concrete point of view, it is naturally much easier to convince one of our bank customers to buy insurance from us rather than a non-client. This missing part on the upper right side of the triangle is a huge source of organic growth. On its own, it mostly expands the incredible consistency and regularity in the gross of our commercial activities and thus of our revenues.

Finally, our domestic market shares are not saturated because while our banking market that's true, our banking market shares are in France, that's true, the reality that our market shares in our most recent businesses are still moderate and sometimes still very low. When we say that we structurally give priority to get organic growth and that external growth is not a core strategy for us but a matter of opportunities, this does not limit our development potential, nor, of course our willingness to pursuit it.

I like and I always repeat that organic growth is not growth for the losers, but truly that of the leaders, growing organically means beating your competitors, leveraging on your own strengths. However, the icing on the cake is that this model has allowed us to add another, I do say another dimension to our group, a second level of truly complementary development, the dynamic of our business lines on themselves beyond of course the service of our banks which remains naturally their primary goal. We have 53 million direct customers. This enabled us to create, you know them, Amundi, number one European asset manager; Crédit Agricole Assurances, number one insurer in France and also number one bank insurer in Europe; CACIB, a CIB top player in Europe and with excellent sector franchise including a leading position in green bond arrangement; CACEIS in the top 3 of asset services in Europe. Crédit Agricole Consumer Finance, also in the European top 3; Crédit Agricole Leasing & Factoring, number one private financier of renewable energy in France; Crédit Agricole Payment Services, number one in payment services in France; and Crédit Agricole Immobilier, already in the top 5 property asset managers.

All of these business lines have been built to provide solutions for our clients through this global approach of the relationship model, but they also have their own development capacity because we have decided a long time ago that all of our business lines were intended to be

open to any form of partnership with over competitors in the form of commercial agreements or capital participation. We are convinced that while European banking consolidation and particularly cross-border consolidation would be very difficult to achieve, there is definitively a great headroom for consolidation through the business lines as this is the safest, the fastest and most effective way to gain both depths of the services and improved cost-to-income ratio.

Our architecture is therefore structurally twofold: Horizontally, the global approach to our clients, which constantly extends the scope of our businesses and vertically partnerships and consolidation through these same businesses. This is why our international strategy is neither complex nor difficult to understand. In fact, it is naturally spreading too different but very linked directions. The universal banking model for which our playing field is clearly mostly the European Union and the specific strategies of our business lines that can lead them in a complimentary way to other regions, Asia, USA, Middle East, just for example.

### **Raison d'être and Group Project**

So in a nutshell, this is how the little local branch in Salins in Jura has become today the first bank in France as well as the first insurer, the first bank insurer and first European asset manager, the first retail client based in Europe, and the largest cooperative bank in the world. For the first time in 2019 we formally put into words in stones those key past and present success factors. We wrote our Raison d'être, a genuine statement of belief for the whole group ultimately based on these two very simple principle of usefulness and universality.

Because these models' dynamic does not rely on the economic environment, we remain very confident that this model will continue its expansion over the coming years including until 2025 which is now the new short-term horizon. Consistent everywhere within the group, thanks to the uniqueness of our group project, we are easy to accelerate everywhere, helped on this by our extremely decentralised organisation.

Well, I'm now going to leave the floor to Xavier Musca and Jérôme Grivet to present first this 2025 trajectory, the new short-term including our financial KPIs. And then within another chapter, we will move on the longer-term 2030 and beyond for which Eric Campos and Pierre Guillocheau will present you how we are now structuring our new businesses dedicated to the true long term. Thank you so much. Xavier, the floor is yours.

## **Review**

Xavier Musca

*Deputy Chief Executive Officer, Crédit Agricole S.A.*

### **Review**

Thank you, Philippe. Very happy to be with you today. I think that before illustrating what has been just said by Philippe about the future, we have to have a very brief look backward in order to explain the way we are seeing the strengths of our model. And I won't comment in detail this chart, but it proves very easily that we are able to grow both our revenues and our profitability in a very steady and regular way. So our ambition for the next medium-term plan is indeed to replicate this kind of regularity and performance. How can we succeed in

doing so? Well, basically applying what Philippe has called the winning formula of the group which is based above all on growth, organic growth and these with three letters.

*New Products, New Services, New Customers*

First of all, enriching our offers with new products, new services and we're trying to illustrate this idea during the course of this presentation. Second, by increasing the number of services we are bringing to our actual customers, increasing equipment rate, increasing the penetration rate notably in insurance business. You know that we are very good at that and we will prolong this tendency. Lastly, by acquiring new customers in our retail banks in France, in Italy, in Poland. We have the objective of 1 million more customers in net terms during the next three years. We think that this target is quite conservative. We are convinced that thanks to the diversity of the offers, the attractiveness of our model, we can do better. And indeed, we will complement this organic growth by multiplying partnership, partnership with industrial partners, for example, Stellantis in the field of leasing, technological leaders like Capgemini, you know the agreement with them on Azqore and obviously all the financial partners we have. We have the list here and indeed we do not consider it's limited.

On top of that, we will consider a possible acquisition every time it reinforces strategically the group, our business lines, every time we are able to absorb these new entities and to make them functions according to the rules of the group. Every time also the acquisition is profitable you see that we will operate under a very strict financial discipline with ROI objective of at least 10% during the next three years.

**LCL**

Let's now look at the different banks and business lines and I will, more than anything else, insist on the elements of acceleration. We will invest in the development of these new businesses, starting with LCL which is indeed a real success story of the current medium-term plan with a lowering of the cost-to-income ratio by 10 points, and an increase of the satisfaction of customers by 20 points. How can we amplify and continue the success? Indeed, by continuing to acquire new clients, which is illustrated here, by increasing the penetration rate notably in non-life insurance with an objective of one-third of our clients equipped. And you see that this objective is to a certain extent far below the performance of the regional banks which shows that LCL has even more capacity to grow in the future.

However, the points on which I would like to insist today is that we want to reinforce the characteristics which makes LCL a different bank for its customers. And these differentiating elements stemmed from three words. First of all, urban. Second, high net worth. And third, companies and mid-caps. LCL is indeed a urban bank and we will try to develop all the services dedicated to these categories of clients, in particular with what we call the LCL City Store, which is a cash back offer. We will also serve better our high-net-worth customers, by offering them a very efficient advisory mechanism , that we call LCL Mon Patrimoine, and finally, we will strengthen our relationship with mid corps and companies by offering them new services and also by encouraging the development of green solution through, in particular, what we call LCL Smart Business, which is a platform putting in contact, FinTechs, and also companies dedicated to transition, with our main clients.

**CA Italia**

When we now move to Crédit Agricole Italia, which is a very successful 2.7 million customer bank, mainly located in the northern part of Italy, which is at the centre of a very strong and profitable Crédit Agricole Group in Italy with a EUR3.8 billion of revenues in 2021. The objective, is again, to continue to gain new clients, continue to increase the conquest and the penetration rate. You see the objectives in terms of mortgage and agri-food. That's indeed a recipe for growth. And also in P&C insurance.

Crédit Agricole Italia will also continue to lower its cost-to-income ratio below 61%, building, in particular, on the integration of Creval and on the integration of FriulAdria. However, the key distinctive factor for Crédit Agricole Italia during the course of these next few years is indeed the ambition they have, on the field of digital, you see the objective of 50% of online current account opening, and selling of investment products, 50%, it's ambitious, but it's a condition of efficiency and also customer satisfaction.

### **Banks in Europe**

Let's look at the other proximity banks we have in Europe. I can be very brief on Ukraine, as you can understand, it's difficult at that stage to make any plan, but we hope that the conclusion of the current conflict will allow us to relaunch this very efficient bank we have in this country. In the case of Egypt, we have again a profitable bank mainly dedicated to multinational companies, and to affluent clients, customers in Egypt. We will continue exactly on the same path. As far as Crédit Agricole bank Polska, we launched in 2021, an ambitious plan of doubling the number of customers in order to have a full fledged universal bank in this country, in which we have all the businesses. This objective of doubling by 2027 means that by 2025, we should increase the number of customers by 60%. Is it ambitious? Yes. Is it achievable? Yes. During the year 2021, we have increased the number of customers by 100,000 clients.

### **Insurance**

When you look now at insurance. Insurance, as you know, is key for us, it's a very important business, very profitable one. And once again, on this sector, we have a strong ambition, notably, obviously in the areas in which our presence is once again, extremely strong, remarkable even. Notably in life insurance, we want to increase even further, but also we want to diversify our offers with roughly one-third of the asset, and management, being dedicated to unit linked. Once again, increasing the development of P&C insurance, you see 2.5 million new contracts we hope to reach at the end of this medium-term plan. However, the two elements on which we want to put the stress are indeed elements on which there is a real need from our clients, it is pensions and health.

On retirement or pensions, we have now EUR19 billion of assets under management, we want to reach 23 billion, and we have created a dedicated company within Crédit Agricole insurance in order to better serve those clients.

On health, we have a strong position in individual health, we are number five in the market, we are only number 11 on the market in the field of collective insurance, but we started late on this market, which open only recently. We will push very much on that, and we have an objective of increasing the number of beneficiaries by at least 40%. So you see that's ambitious and that's very important for us.

**Consumer Finance**

On Crédit Agricole Consumer Finance, once again, continuity with the increase of the managed outstanding for both the subsidiaries of CASA and for the regional banks and LCL. However, the key word for CACF in the next few years will be indeed, mobility. You will know that in 2023, we will launch the new JV with Stellantis, with the objective of 1 million long term rental fleet. You know and also that thanks to this agreement, we will become 100%, owner of what we call now FCA bank, but we will change obviously the brand FCA bank, which covers 18 countries in the world, in Europe, sorry – we shouldn't be too ambitious – 18 countries in Europe, which is dedicated to all the consumer finance and leasing products for both dealers, car dealers and car makers like McLaren, Ferrari, Tesla and others. We are confident that we can gain new clients.

And finally, Agilauto, which is a leasing solution and financing solution of cars for regional banks and LCL. And finally, Leasys Rent, which is a short-term leasing solution we have recently acquired.

**Leasing and factoring**

As far as CAL&F is concerned, CAL&F is factoring and leasing. As you all know, we have great international European ambition by building a truly European platform of factoring, by developing marketplaces in France, in Italy. The most recent one has been launched on healthcare product, which is also an institution of our priority in the field of health. However, for CAL&F, the real and strong objective is mainly concerning, first of all, the development of services, and second, our ambition in the energy sector.

On services, we have recently acquired Olinn, and the idea here is to encapsulate the financing solution we offer, in a bunch of services, selecting the product, replacing the product, repairing the product, and we are confident that we will be able to triple the revenues, stemming from this activity. On energy, Unifergie is now providing EUR 1 billion financing to our partners in France as mentioned by Philippe, it's number one private financier. In new energies, the objective is to reach 2 billion by the end of this medium-term plan.

**Amundi**

As far as Amundi is concerned, no need to be too detailed on that, because there will be a presentation of Amundi's plan to investors. I just want to reaffirm here that Amundi is number one, should remain, will remain number one, and in – we are confident that we are able to do that by reinforcing the position of Amundi. In passive investment, we see here the objective of 50% of increase in passive investment, building on the recent acquisition of Lyxor, there is also the willingness to develop real assets, and differentiating offers.

We have also international ambition in the case of Amundi, EUR500 billion of assets under management in Asia. The key differentiating factor on which we want to insist today are stemming from three ideas. The first is development of services. I mention here fund channel, which has been built by Amundi and in which Amundi and Caceis are now joining forces, which is a platform distributing funds for other banks for third bank clientele. Amundi technology is illustrating the second motto Amundi has, which is the development of services in the technological field. Jérôme will come back later on that.

And finally, the third important word for Amundi is indeed ESG. You remember that Amundi has been the only asset manager in the world to present to its General Assembly a say on climate which has been approved. And Amundi has taken a lot of commitments, I will not remind them. At that stage, we will continue on the same paths, we are taking now new commitments in particular the fact that we will engage into a dialogue with an additional 1,000 companies in order to verify the alignment on the Net Zero objective.

### **Indosuez**

As far as Indosuez is concerned, I would say that there is at least one point in common with Amundi, which is the technological dimension, which is here illustrated by Azqore, which I mentioned a few minutes ago, and for which we have great ambition, Jérôme will illustrate them. However, the other important topic for Indosuez, which has the objective of EUR150 billion of assets, in 2025, being refocused on Europe and Asia, is indeed to strengthen a relationship with preferred customers, which are, as you can see here, entrepreneurs, notably the young generation, and also family offices. And obviously, for our customers, we will offer them new set of services, notably in the field of real estate, ESG, and private equity.

### **Large Customers**

Move to CACIB, you know, the strength of CACIB, which is a strong investment bank, with a global coverage, with a unique distribution platform, with strong capabilities in the field of real assets, and which also provides financing solutions either directly or through the market. CACIB will indeed continue on that same path, but we will try once again, to reinforce its main areas of strengths, which are the fact that it is a European bank, it is a bank dedicated to corporates, it is a Green Bank. Let me illustrate the three dimensions. On the European ambition, we will grow the business by 5%, on the relation with corporates, which is not exclusive, we are also serving other categories of clientele, but we still put the stress on corporates. Indeed, we will try to reinforce the link with them, develop the mid cap segment, thanks to the cooperation with regional banks and Crédit Agricole Italia. We will also develop new services, in particular, cash management and supply chain financing, with an increase by 15% per year, which is obviously an ambitious target, but we think credible, in order to reinforce the loyalty of these clients, and also improve the profitability of the business.

On Green, it has been referred to this dimension by Philippe a few minutes ago, I will not come back. However, indeed, the advisory role of CACIB is enhanced by this dimension, in which they have a very strong presence, a very competent team. And as a result, we will have a greening of the portfolio, which is mentioned here. I won't go into too much detail. That once again will be evoked later.

On Caceis, we put in place an efficiency programme in 2021. And we will try to maintain it, to develop it in order to develop Caceis as one of the major European assets servicer. Today, we are number three, we have great ambition for this business, and we are confident that it can reduce its cost-to-income ratio. That's the objective of this plan. However, it has also a great possibility to reinforce its revenue by strengthening the links with private equities, with ETF, and also by offering new services to its clients, thanks in particular to its platform on which 15 FinTechs, as you can see, will be connected, helping clients to realise what they need.

This is a very short presentation I can do at that stage, of the different business lines, but maybe we can go back later on these points on which we can also give the floor to our friends

leading these different banks and business lines in this room, which are able to answer to all your questions.

### **International set up**

I want maybe to now switch to another dimension, which is the horizontal dimension on which we are very often questioned, which is the issue of international. While I want to reaffirm here is that our long-term objective, as you see, is to develop our model, which is a unique model, the model of the universal banking network. This model, we are confident is the best for the client, is the best for the economy. We are applying it in France, indeed, in Italy, and we want to develop it in Poland, I mentioned that. Maybe tomorrow we will be able to do so in Ukraine.

On the rest of Europe, we will continue to develop either by organic growth, partnership, M&A, the different business lines. We have a specific dedication to two areas, which are Germany and Iberia - Portugal and Spain. In both of these regions, our NBI is slightly below or slightly above EUR500 million. We want to be even more present there, and we want, above all, to make the different business lines work better together, according to the synergy model, which serve us very well in all the countries in which we also have a retail bank.

Outside Europe, outside Europe, indeed, I mentioned the ambition of Amundi, I also have to mention the fact that CACIB and interestingly so, has a worldwide clientele, we will continue to grow abroad. However, we are quite strong on the idea that we have a preference for Europe, and outside Europe, our development will be done cautiously, taking into account the very high level of uncertainties, and indeed, applying all the various strict discipline in terms of capacity to integrate in terms of profitability, I've mentioned during this presentation.

Sorry for being a bit long. Thank you very much for the attention. You see that in all business lines, there is, at the same time, a lot of continuity from a strategic point of view, but also a willingness to innovate. And I think that will be also illustrated by Jérôme's intervention. Thanks.

## **Leading business lines at the service of all Group customers, also pursuing their own growth dynamics**

Jérôme Grivet

*Deputy Managing Director, Crédit Agricole S.A.*

Good morning, everyone. I'm happy to take the floor now and to present the rest of the elements regarding the 2025 Ambition plan. Xavier just shared with you the objectives and the priorities of our business lines, as well as the international strategic priorities that we intend to follow. I will now present some elements on the way we want also to accelerate on some very important transversal issues or transversal topics that we have, and that will constitute for the group, and other important growth driver going forward.

These four transversal activities are, payments, real estate, digital banking, and technology as a service.

### **Payments**

Let me start now with payments. As you know, it's a very important topic within the relationship that we have with our clients, be it individual customers, be it, of course merchant customers, but also corporate customers or business customers. And secondly, it is an activity, it is an area in which there have been a very significant transformation going on lately and especially an acceleration of the transformation during the pandemic crisis, with much more contactless payments, much more mobile payments, much more digital payments.

Crédit Agricole Group is a significant player in this business, it's actually the number one in France, as you know. We generate around EUR2 billion of revenues in the payment industry. Of course, this revenue is not easy to identify because it is spread within the different relationship banks that we have within the group, but it's quite significant. We have a market share in France that is close to 30%, actually 28% on issuing and acquiring, and we are leader in those two businesses. However, we have different stakes in those two businesses.

On individual payments, and especially regarding issuance of payments, the goal, of course, is to maintain our strength, to maintain our leadership, and to improve regularly our offer in order to be permanently at the top of what is requested by the customers; let me name buy now pay later proposals, payment initiation schemes, or mobile payments. On the merchant side, we continue to gain market shares, especially on the acquiring activities where we have a very efficient industrial platform. However, we need to improve our competitive offer regarding acceptance, and we are going to invest on e-Commerce acceptance solutions, with the objective of growing twice as rapidly, as the market.

So globally, all these initiatives in the payment space, should generate an increase of around EUR300 million of additional revenues for the group in the course of the next three years.

### **Real Estate**

Going now to real estate, I'm going also to a very, very important and structuring element of the relationship that we have with our customer. First, real estate is key in the wealth of the average of our individual customers. Generally, the real estate position represents two-thirds of the wealth of our customers. And it represents also between one-fourth and one-third of their monthly spending. We do have also very strong position especially in home loans where we are obviously, and by far number one in France, and we are a very significant real estate investor and real estate, savings investment products. We have also very strong position in home insurance that are growing regularly. However, we have much smaller market shares on other real estate related activities, let me name transactions, let me name services, property management, rental management, and so on and so forth. We want now to fully integrate going forward a complete offer of real estate services to our customers, fully integrated in the banking activities, and in the banking relationship.

We are going first to start with individuals where we are going to integrate all the real estate services in our customer advisory approach within our banks' networks in France, and through digital channel, every time it's possible. It's going to be the case for property transactions, for rental management, property management and a very important and additional topic, which is the support that we intend to provide to our customers in terms of facilitating their energy transition and the transformation of their homes to a more frugal level of CO2 emissions.

We will also follow a similar approach for corporates, and also local authorities. And lastly, we intend to launch a green and social impact real estate investment fund, for 1 billion euros, to finance green and inclusive housing to contribute to the urban centres revitalisation, and to help reduce the lack of rental offer within the French territory.

### **Digital Banking**

Coming now to digital banking, we want to fully take into consideration the acceleration of the development of digital offers, especially during the COVID crisis, and we want to enhance our positions on digital banking, with two very important initiatives. The first one is that we are going to relaunch, I would say, BforBank, as a European digital bank for individual customers.

The new bank will be on the market, it will be live end of 2022 in France, and then going forward in several other European countries, with a new positioning, best in class user experience, and banking and non-banking services platform, leveraging on all the capacities of the group, and possibly, if needed, external partners.

The second one is Blank, Blank is a neobank that is dedicated to small entrepreneurs and self-employed professionals that has been launched beginning of 2021. It has gained, since then, around 6,000 customers, without any significant advertising. And we want now to speed up its commercial development in two ways; first, under its own name, meaning that we are going to talk about Blank going forward, and secondly, under white label approach, through the different – the two networks that we have in France, the regional banks, and LCL. We have a global objective of reaching 200,000 – 250,000 customers by the end of 2025.

### **Technology as a service**

Last point, technology as a service. Xavier talked a little bit about it. I want to be precise, what we have in mind when we talk about this issue. As Philippe explained, our specialised business lines started by serving the group's customers and considering the size of the group, considering the size of its customer base, they have rapidly reached a critical size, enabling them to become leaders in their market, and to address own customer bases and to develop organically on their own.

This has this has led in some areas to the creation of very valuable technological assets for their own use, of course, but also that we can now open for external clients, leading to real new business line. As an illustration of this, we can mention two examples, Azqore is the technological platform that has been created by our private banking activities, and that has now an external and third-party investor, which is Capgemini. Azqore is now being used by several private banks. And it has gained last year, a very significant new customer, which is Societe Generale International Private Banking. And now, the objective is that Azqore manages around 240 billion of assets by the end of 2025. And Amundi technology, which is a tech offer created some years ago and formally launched in 2021, it provides services to different kinds of customers, fund managers, private banks, distributors, on the entire value chain of savings, and the target is now for Amundi to reach EUR150 million in revenues by 2025, which would be a multiplication by four as compared to the level reached in 2021.

### **Growth over the next years**

So all these action plans presented by Xavier and by myself will allow the group to pursue its growth over the next years. However, this, the implementation of all these action plans, all

these priorities, will require, of course, significant investments that are going to be financed by each business, but it's going also to require a common global approach beyond the specificity of each business within the group.

We want actually to provide to our customers across the group everywhere the best of technology enhanced by human responsibility. All our competitors, of course, emphasise that they are providing a best-in-class digital offer, best in class technology, and we claim the same, but we claim the same in a much more ambitious approach, which is to pull together this level of quality of our technology and digital offer, with a full human responsibility. This is a very important point in order to fully embody our client project that we've been formally announcing already three years ago, back in 2019, and which was only the formalisation of something we've been practicing actually since the inception of the group, I would say.

So in practice, we are going to continue, and to amplify our digital transformation. We want to complete the full digitisation of key customer journeys, on-boarding mobile subscription different products and services, self-care, and so on and so forth. We target to have 75 percent of our customers effectively using these digital channels and to realise more than 15% of our sales, through total self-care.

We're also working on providing our teams, our own staff, a 360-degrees vision and all our customers' activities, whatever the channel used, in order to ensure a first call resolution every time a customer enters into contact with anybody within our banks.

Therefore, we will speed up our IT investments on Cloud, API, cyber security, artificial intelligence, and so on so forth. And we will allocate in the course of the coming four years, EUR20 billion of IT investments for the group globally, 15 billion for CASA, versus 15 billion for the group globally in the last period of four years. So it's a significant increase. And we will also enhance further, our innovation capacities, by building on the setups that we've been implementing in the last five years. Let me name La Fabrique, which is our start-up studio, let me name CACD2 or FI Venture.

### **The Human Project**

At the same time, we want to continue to amplify what we call the Human Project, when we presented the last medium-term plan back in 2019. This Human Project is aiming at increasing permanently empowerment, and team's responsibility. The project has been launched starting with organisation simplification, de-layering with cultural and managerial transformation, increased delegation, reinforce trust, empowerment of the teams. And this project indeed proved to be very relevant during the COVID crisis period.

We've been able to work remotely almost immediately, in all our entities in the very beginning of the first lockdown, we've been able to continue to preserve the high quality service for all our clients, and we've been able to significantly reduce the time, to decision, the time to yes, and to shorten actually all our decision making processes. We are now entering into phase two, in which we want to deploy this approach in all entities and also in all functions. It's not an approach that is only dedicated to front offices. We want 90% of decisions taken locally at the closest level possible, where it is supposed to produce its effects.

We are putting in place a series of measures and commitments in order to improve the alignment between the employees and the group. And we have the objective, actually, to increase the employment of the staff with the idea of including this element as a target in our management KPIs. We will now use an accountability index and is the responsibility that is going to be part of the KPI of the management. And we have the target to become the best responsible employer in financial services in France by 2025.

### **Financial Targets**

Let me go now to the financial targets. As Philippe mentioned, we are presenting our medium-term plan with two time horizons. The first one is the short-term horizon, we have set financial goals as of 2025. And we are confident, as I will explain, that our model will keep delivering growth. And of course, in the longer term. Although we are not able to display precise financial figures, financial targets, we clearly see the strength on which we want to build further. So obviously, the 2025 financial targets that I'm going to display right now, include all the necessary investments that we intend to make in the coming three years, in order to prepare this longer-term future, this longer-term horizon.

### **Macroeconomic scenario**

Let me start with the macroeconomic scenario. Of course, the situation is very complicated, but we are used to it because if you remember, back in 2019, when we presented the last medium-term plan, there was also a certain turmoil in the market with a change of stance by the ECB. So we are used to that.

What we globally – what we foresee is the following. Of course, we fully acknowledge that the current immediate situation is very volatile, with an inflation that seems to permanently accelerate, leading to tougher monetary policies, stretching financing conditions or funding conditions, both in the US and in the European economies, and household losing purchasing power due to the inflation, but not really using their COVID savings in order to compensate these losses of purchasing power.

However, if we project until 2025, we predict, and we are not the only one to say so, a certain level of stabilisation of the economy, especially in Europe, which is our main play ground, with a GDP growth which would be around 2%, more or less, with an inflation rate which we will be definitely above the one that we had in the previous period, but which should stabilise at around 2.5%, and with the 10-year interest rate, which should be around 2%, leaving a situation where we would continue to have negative real rates.

In this context, of course, we remain cautious as we always do, in terms of the assumption of cost of risk that we make. And we keep actually the same assumptions as the one we had in the previous medium-term plan, i.e., 40 bps on the perimeter of CASA and 25 bps globally in the perimeter of the group. It's far above the level that we had reached last year, for example. So it's a quite conservative assumption.

### **Income Growth driven by business lines' development, positive jaws excluding SRF and cautious cost of risk assumption**

The financial targets at a glance, you see that in terms of profitability, we intend to continue to grow the profitability of CASA listed vehicle of the group with a net profit above EUR6 billion, it's an increase of 20% as compared to the previous target, with a return on tangible

equity above 12%, which is again an increase of one percentage point as compared to the previous target, with a cost-to-income ratio that will remain below 60%, despite inflationary pressures, despite investments that we will do, in order to prepare for the future. And let me add that with the mechanical effects of the transition to IFRS 17, that is supposed to take place beginning of next year, actually, this target will translate into below 59%, thanks to, again, the transition to IFRS 17.

And lastly, we maintain our 11% CET1 target and our dividend policy, which is a 50% pay-out in cash, plus, we've said it several times, the intention of next year in May 2023 to make the last repayment on the 2019 dividend that we had skipped.

Let me start now with the global picture, how do we intend to reach this objective of being above EUR6 billion of net income in 2025. Well, the same recipe will play, which is a virtuous combination of rather dynamic evolution of the top line, plus 3.5% on average, a strict monitoring of the expenses, which would grow at a pace below 3% in average, which would leave us with a positive jaws excluding the benefit of the ending of the contribution to the Single Resolution Fund. So a positive jaws of 0.5 percentage points, year after year. And again, this prudent assumption regarding the cost of risk, which we expect to normalise at around 40 bps, but it's again, a prudent assumption. So this is leading us to this above 6 billion level of profitability in 2025.

### **Revenues Balanced and diversified model, resilient to changes in the economic environment**

Let me now go a little bit further regarding the revenue lines. This 3.5% target that we have on average, for the group, over the period of the plan, is also an average between business lines that will encounter different conditions. And so, here on the right-hand side of the page, you have some indication that shows that in retail banking activities in France, the pace will be less dynamic, it's clearly the result of the situation of increasing rates, where we will have an effect on the liability side that will be more rapid than the effect and the benefits on the asset side.

In Italy, on the other hand, the dynamic is more favorable and we will also benefit from the full effects of the integration of Creval. In the financial services, in the specialised Financial Services Division, we will experience a strong organic growth of the activity of the business, and it will be reinforced with the beneficial effects of the Stellantis agreement with the launch of the new long term rental business and the full take-up on our revenues of the car financing business in what is now called FCA bank.

And finally, CIB and the large customers activity will continue their progressive and cautious growth momentum. Lastly, the breakdown of our revenues between business lines and between geographies will not change the dramatically in the course of the plan.

### **Operational efficiency Positive jaws in all divisions**

Regarding now, operational efficiency, we will continue to stick to the same cost management policy, which is organised around two, I would say, pillars. The first one is that, for each business, we want to have a best-in-class efficiency ratio.

And the second key element is that each business is made responsible, each business line is made responsible for implementing the concrete measures that are necessary for this strict

management of the cost base, with regards to the evolution to the actual evolution of its revenues.

In addition, I remind you that as of next year, we are switching from IFRS 4, to IFRS 17 in the insurance business. So this is mechanically lowering very significantly the cost-to-income ratio of the insurance activities. It's going to be now at 15%. And it's improving CASA's cost to income ratio by around one percentage point. And finally, as I already mentioned, we assume that the contributions for the ramp up of the single resolution fund end in 2023. And as of 2024, we will only have, I would say, maintaining SRF contribution at a much lower level, not nil, but much lower, it's around one-third, of what we have now in our P&L, and we deem it quite conservative.

### **The strongest banking group among European G-SIBs1**

Let me go now to the solvency. If I look back since 2015, the group's solvency significantly improved, it increased by 230 bps, which is 1.5 times faster than the average solvency of the major European banks. So we have further strengthened our position of best in class banking group in Europe in terms of solvency. And at the same time, what you can see on the right-hand side of the page, is that we've significantly improved the quality of our assets with an NPL ratio, which is at its lowest or probably close to its lowest levels ever, and a very conservative coverage ratio for the group globally, close to 90%.

So, this is leading us to the financial targets that we set for the group globally, no profitability target for the group, it wouldn't be relevant, but actually some very conservative robustness targets in terms of financial strategy. CET1 ratio of the group will remain at or above 17% permanently during the coming three, four years. And actually, it's going to probably increase. TLAC ratio at or above 26%. So all these levels are going – are significantly above any regulatory requirement. And of course, we continue not to take into account any element of eligible senior debt in the TLAC ratio.

And in terms of liquidity management in a situation where clearly, the environment will be necessarily less favorable than in a previous period, we maintain a very strict position and we maintain an excess of stable resources over our long-term assets that will be kept in a range of EUR110 billion to EUR130 billion.

### **Summary of Crédit Agricole Group financial targets 2025 targets confirming the strong financial position of the Group**

Going now to CASA's capital target, just a few elements, explaining why we deem that maintaining a CET1 target of 11% is very conservative. Of course, the figures should be read as the capital target of a sub part of a larger group, whose solvency will remain permanently above 17%. And within which, there is a total financial solidarity. Crédit Agricole Group of course, is a G-SIB, but CASA is not a G-SIB, and with this ratio of 11% end of March, we had a buffer of SREP, which stood at 310 bps, which places us very comfortably among our European peers, which moreover, do not benefit contrary to CASA, from the protection of a larger group.

How do we project our capital trajectory going forward? Let me start with the 2022 target, 11%. The net income that we foresee in the coming three years, will generate 570 bps of profit, the distribution dividend, plus AT1, 320 bps. So all in all, it's building 280 bps of

organic capital. Regulatory impacts that remain ahead of us will represent 80 bps of capital. It's mainly and almost essentially the last layers of TRIM that are going to bite as soon as 2022, that we take into account in these 80 bps.

And then this leaves us 170 bps to fuel the development of the business lines and to have a level of security that makes us comfortable to assume this target of 11%. And in addition to that, this figure of CET1 ratio is going to be kept permanently with a buffer, a management buffer of 250 bps above SREP level, you know that the SREP level can vary over time, and we want to keep this management buffer.

**We are launching a strategic business line, at Group level, to facilitate access to healthcare and senior care services: Crédit Agricole Santé & Territoires**

These are the main aspects of our financial commitments as of 2025, as the result from our strategy, and as the result from our forecasts. However, as Philippe said, our presentation today is not limited to this time horizon of 2025. And we are now going to share with you our strategical initiatives to prepare the longer term with a specific focus on the new businesses, line business lines that we are launching, and that Phillip mentioned earlier. Of course, I'm talking about Crédit Agricole transition energy, Crédit Agricole Santé & Territoires, and for that I will hand over to Eric Campos, who is presently Group Head of ESG, and Pierre Guillocheau, presently Head of Group insurance at Credit Agricole Assurance, who are going to head these two new businesses to present the intentions. Thank you very much for your attention.

Philippe Brassac

*Chief Executive Officer, Crédit Agricole S.A.*

I would like to – again, to introduce Eric Campos because probably a few people already know him. Eric is, he is the current responsible of the Societal Project, he is the new, and the first responsible for the new structure of Crédit Agricole transition energy, so I'm just about to leave him the floor. However, perhaps, to be more consistent with the agreement of Paris, we could lower the air conditioning, and perhaps try to get the temperature higher in this room. This was simply a very simple message. So, Eric, the floor is yours.

**Acting for Tomorrow**

Eric Campos

*Head of ESG, Crédit Agricole S.A.*

Thank you, Philippe. A good morning to everyone. I'm very pleased to be here to present the new business line in the frame of the climate strategy of the group. I want to say that medium term plan that we're presenting affirms and reaffirms critical ambition to place its development path for economic prosperity, on track with the Paris Agreement, respectful of nature and bringer of social justice.

In order to achieve the world of tomorrow, mankind will indeed have to decrease its energy consumption by 4% per annum, and at the same time, to build the new world of an energy

system in which two-thirds of total energy supplies will have to come from wind, solar bioenergetic, geothermal and hydroelectric power in 2050, two-third.

As for the share of fossil fuels, this will have to decrease from 81% to 58% in 2040, then to 20% in 2050. In France, the share of solar energy will have to be multiplied by 11, by 2050, and at the same time, according to the National Low Carbon Strategy, companies will need to decarbonise their activities by, for instance, 28% in the transport sector, and 35% in the industry. Decarbonising the economy requires a transition of an unprecedented scale in our history, towards a model, which has to successfully synchronise the climate clock with that of social acceptance.

More than ever, the group plans to contribute to this objective and by signing the for Net Zero alliances of the financial sector born of Glasgow, COP26, all group business lines are committed to come towards the same target contributing to achieve carbon neutrality to 2050, at the latest.

### **Low Carbon economy**

Crédit Agricole is working on defining decarbonisation pathways for the main sectors of the economy, finance, by the bank, applicable to each business and entity. We have been working towards fixing targets for 10 sectors in our financing portfolio, representing 60% of our commitments, and 75% of greenhouse gas emission. Our work is based on the net zero emission scenario of the International Energy Agency, and adopts and respect the principles of the Glasgow financial alliance for net zero.

This alliance aims at establishing a path towards a gradual withdrawal from high emitting assets, and this path is complex. It calls for closer dialogue with our client in order to enable a path towards low carbon economy. All the while avoiding a social crisis. This dialogue must also prevent high emitting asset from being transferred and changed to company less committed to climate issues.

It's true that's this needed a spirit of sharing trust and transparency that financial and non-financial players will succeed together. Today, we are announcing our pathway to a progressive withdrawal from the oil and gas sector by setting ourselves a target to reduce CO2 emissions in absolute value linked to the financial of this sector by 30% between 2020 and 2030. We are also committed to very actively supporting the decarbonisation of the automotive industry by reducing the carbon intensity of our sector portfolio by 50% over the same period.

Regarding the direct footprint, scope one and scope two, it will be reduced by 50% also by 2030, scope one, scope two mean fleet, energy, and business travel. We will continue of course the definition and publication of our sector trajectories in 2022 and 2023 and they will be accompanied by action plan to guarantee they are implemented. As far as the oil and gas sector is concerned, the action plan will be published in December '22 and will lead to us adopting a new policy in line with the latest recommendation of the Glasgow Financial Alliance for Net Zero.

The key to the climate challenge is in taking global commitment but also in the capacity to bring this commitment as locally as possible in all territories by adopting to the specificities of local economic sectors using the strength of the player and the dynamics of the ecosystem.

We'll have time and power to avoid the climate stalemate if we give ourselves the means. We need to act quickly and locally and to strengthen resilience as mobilising purpose to economic models.

The opportunities offered by these transformations are as great as what is at stake for civilisation. The decarbonisation of the economy is complex but history is offering us an opportunity that are working alongside of our 53 million of client to create sustainable value for them and to win the claim transition challenge together. To this purpose, as it was announced by our CEO, we have therefore decided to launch a new line of business named Crédit Agricole Transition & Energy. This strategic business will help this operational transformation of the economy with the belief that is by mobilising all the group's strength that we will contribute to a sustainable economy serving society and nature. The launch of this new business line will enable us to operationally accelerate and reinforce the implementation of our climate strategy.

### **Crédit Agricole Transition & Energy**

Crédit Agricole Transition & Energy will support its clients from the initial stage of diagnosis and advisory to the determination of the roadmap including installation, financing and innovative equipment and infrastructure. We could support committing to tangible results and building on the group entire range of expertise and strategic partnership. Through Crédit Agricole Transition & Energy and thanks of course to the experience acquired by group over the last 20 years in financing renewable energy, we will massively support green investment privileging strategic partnerships, local partnerships, and relocation of production in short supplies chains. This business line will allow us to set up installation and exploitation of own account and third-party energy production equipment. We will strive to rollout green energy consumption solutions for the group client. We'll have the opportunity to get back to you in the coming months to share objectives of Crédit Agricole Transition & Energies whose ambition is up to the strategic challenge that it represents for our group. I thank you very much and I leave the floor to Pierre.

Philippe Brassac

*Chief Executive Officer, Crédit Agricole S.A.*

I would love actually to introduce Pierre once again because Pierre is today the current responsible of collective insurance within Crédit Agricole Insurance, and now is the new – the first responsible of this new structure, Crédit Agricole Santé Territoire I leave him the floor. Please.

### **Crédit Agricole Santé Territoire**

Pierre Guillocheau

*Deputy Chief Executive Officer & Global Head of Global Markets, Crédit Agricole S.A.*

### **French Healthcare System**

Thank you, Philippe. Good morning, everyone. And before going into more details on the new business line Crédit Agricole Santé Territoire, I would like first to share with you some facts on the expected evolutions of the French healthcare system so that you perceive how big are

the need and how big are the potential and the opportunities for the group. The French healthcare system will undergo major changes over the next ten years.

First of all, no need to be a mind reader to project growing geographical inequalities concerning access to healthcare services. Currently, 7 million people in France live in areas with insufficient access to healthcare, what we call in French, *désert médical*. And this number will grow exponentially by 2030 to 27 million. Indeed 50% of French general practitioners are over 60-year-old.

The second issue is the aging population. We currently have 18 million senior citizens in France and this number will grow significantly by 2030 to 21 million of which 3 million with diminished autonomy. We do believe that 140,000 additional places in EHPAD and collective housing units will be needed by 2030.

Finally, we know there is a great complexity in the healthcare journeys for the French people, multiplicity of stakeholders, opacity for patients, fragmented and insufficient housing solutions for seniors. All this will contribute to huge needs in terms of healthcare and care services during the coming years. With that in mind and given our presence and close links with all the territories, our client market share and more important our reason d'être that we started working on possible solutions and answering to several questions, how can we help French people to find their way in such complex healthcare system, how to make it easier to access to a doctor, how can we use digital services to improve patients' and seniors' journeys, how can we support the growing services and accommodation needs for seniors. All these issues are challenging and at the same time represent significant opportunities for the group and the gross and development drive.

### **Crédit Agricole Santé et Territoire**

We're happy to announce today as said Philippe, today's creation of as Crédit Agricole Santé et Territoire. The mission of this new activity is to facilitate access to healthcare and health services for all French people in all the territories in France. We are going to provide our customers and the French with unique and differentiating offers and services to contribute to improving life conditions and reduce inequalities.

First, no other player in France offers a global vision of the healthcare system and care pass. We want to make the complexity easier to navigate through and understand. To do so, we will create a healthcare digital platform to simplify such journeys providing advice, prevention and assistance on all healthcare related matters, bidding on the existing Crédit Agricole Ma Santé for group health insurance solution.

Secondly, in order to address the issue of medical deserts and as we start seeing the premises of changes in healthcare practices, we will support the development of new medical ways by creating an open telemedicine platform by deploying health centres and supporting digitalisation of doctors' activity to free up medical time.

Thirdly, in the context of strong gross of senior needs and the complexity of the healthcare system, we will create a digital platform for seniors and their caregivers. The objective is to help them find their way around the system and to offer a set of useful services designed around the individual. We want to adopt a global approach and not by stratum of services or products.

Last but not least, to meet a growing need for accommodation for senior citizens, we are going to play an active role in development of non-medicalised collective housing models in France, leveraging on specialised partners.

To achieve these ambitions, we will strongly rely on group's internal expertise, in particular Crédit Agricole Assurances, who have developed numerous initiatives in the field of healthcare. It's a flying start for us. For example, we have health insurance, we have a JV with Europe assistance in France, we already invest in healthcare clinics. We are the number one bunker of health professions, and as I mentioned before, by developing partnerships with specialised players, clinics, retirement hubs, networks of healthcare professionals.

All in all, the group is very well positioned to work with a full ecosystem to make healthcare accessible to all and to provide unique and differentiating solutions. And this is precisely what the new activity Crédit Agricole Santé et Territoire will do. Thank you for your attention.

## Conclusion

Philippe Brassac

*Chief Executive Officer, Crédit Agricole S.A.*

Thank you so much, Pierre. Thank you so much. This presentation is coming to its end, of course. And I would like to at this level simply conclude by resuming what has been explained. First of all, we try to restate, to re-express the fundamental characteristics of our different model. Probably a much more sophisticated universal banking model that it is very often commented or thought. This model allows us to commit to both ambitious and realistic targets for 2025, both on the commercial point of view and financial point of view. And then looking at 2030 and beyond 2030, we explained to you that we are investing on the very long term, accompanying society in its transitions and we are, yes, launching today two new very important business lines, Crédit Agricole Transition & Energy and Crédit Agricole Santé et Territoire.

## Summary

My executive summary is probably as simple as it is displayed on the screen today. We do believe more in the future. Yes, of course there are a lot of uncertainties all around us. However, this is why we have a kind of duty of confidence, a duty of confidence simply to act for tomorrow because this is our mission and this is the way for us to develop on the very long term. So I'll stop on this point and we start, if you want of course, we will start with the Q&A session. And many hands are asking for the microphone, so may you bring microphone to the first hand in the room? Thank you.

## Q&A

**Pierre Chedeville (CIC):** Thank you. Good morning. Pierre Chedeville, CIC, thank you for the presentation. I have a lot of questions, but I'd be disciplined.

**Philippe Brassac:** I'll let you start by the first one.

**Pierre Chedeville:** The first one is I'm not very at ease regarding your target on cost-to-income ratio because on one hand you stick to the same level as in the previous plan, 60%,

below 60%. And the same time you explained that you're going to have jaws effect by more than 0.5%, excluding the IFRS17 effect which in fact add one point. So I don't understand this kind of cautious stance because at the end of the day you should say we will probably have a cost-to-income ratio below 58% including IFRS 17. That's my first question.

My second question I would like if you could give us, because it's one of your main objective in terms of insurance business, a breakdown of the 2.5 million contracts that you plan to obtain. In what kind of contracts, is it auto, health, what kind of contracts do you expect? It's not very clear for me because you talked only about individual but I know that you have also ambitions regarding corporate insurance and you don't say a lot about that; while I know that you have ambition on that, and particularly on SMEs. And could you elaborate a little bit on that part of your business plan?

My last question is regarding the creation of your two new business line. It's not very clear for me because you have no target until 2025 in terms of revenues, and it's not clear for me if these two new business line regroup existing business and it's just an internal reporting, I would say a cosmetic – I don't want to be pejorative, it's not exactly what I want to say but you understand – is it new revenues or it is a new way of presenting revenues within two new business or is it new activities that does not exist so far and that will generate revenues? Am I clear on that question?

**Philippe Brassac:** You are.

**Pierre Chedeville:** Okay, thank you.

**Philippe Brassac:** I will try to answer at the first level. The cost-to-income ratio is something very special in this very troubled period. To be very simple, first let me report to you that we succeeded to be below 60% on the current medium-term plan, and let me report that we are among the best in class in this kind of ratio. Simply, we already reported that it will be difficult to be very precise in terms of prediction, for prices, for inflation, for interest rates, so it's more difficult to be precise for revenues and cost than to be able to manage our cost-to-income ratio because this is a matter of management. We did prove on the long period that thanks to our very decentralised organisation, we can really manage the cost-to-income ratio because this is a way of development, you can grow but mastering your cost-to-income ratio. This is a kind of a target that is really in our hands. When we say 60%, it just means that we'll stay below 60%. So the concrete question should be, are you sure for the precise figures for revenues forecast? This is a difficult question but this is not too difficult question if the question is cost-to-income ratio because we mastered it and we shall go on mastering it. This is the first point.

Then on the business line, but you will be able to complete of course, Jérôme, on this point. I would like to tell you that the target launching these new activities or new structure is not to start from scratch, but to be able to accelerate, to amplify the development of the group that is today not at scratch level. And that means that to be very transparent with you because we are just organising a reflexion about this point. Of course, all the cost of these new structures are in the current costs of the group and so included in the cost-to-income ratio for 2025. Of course, revenues are coming from these activities of our transition, energy, health activities and so on, but we didn't put any incremental revenues in our plan due to this new organisation.

This is the message because as we were not too precise for a few years when we decided to invest in insurance activities which was a very important political decision for the group, we want to explain that for this kind of matter, it's better and it is much more efficient to organise and to structure all the group within two new business lines. However, of course, now we will have to be more precise in terms of organisation, in terms of main figures. However, and I am very confident on this point, you have all the impacts within the scope of the KPIs of 2025. This is not outside of this trajectory on the short term.

Jérôme, can you complete?

**Jérôme Grivet:** Yes. Just on the cost-to-income ratio, the one point that we are going to benefit from, thanks to IFRS 17, is indeed part of the target because as I said, we maintain a target of below 60% at constant regulatory accounting framework. However, of course, mechanically, this is going to translate to below 59% as soon as next year. So clearly, we do not, I would say, consume the benefit of the transition to IFRS 17 within this trajectory. For the rest, exactly what Philippe said, we do everything and we organise everything in order to maintain positive jaws between the evolution of the revenue base and the evolution of the cost base. Nevertheless, what we commit is to be below 60% becoming 59%. And we do not want to commit to a precise figure, but every year we are going to do whatever we can in order to maintain positive jaws.

And as far as your question on the insurance activity is concerned, we do not break down the 2.5 million new policies between the different businesses. However, you know that it compares to a total outstanding of policies that is around 15 million, so it's clearly a significant improvement globally of the number of P&C policies that we manage.

**Benoit Valleaux (ODDO):** Good morning. Three questions for me related to Crédit Agricole Assurances, two on earnings and one on capital. Maybe first on earnings, can you share please with us what is your expected impact from IFRS 17 on earnings and on the volatility of these earnings and if you plan to take some measures in order to mitigate this volatility?

And second question is to complete the previous question related to P&C business. We're also seeing some rising climbs inflation, so what do you expect in terms of common ratio across the plan? I mean do you expect that you'd be able to maintain stable on it, your common ratio?

And regarding capital, you had insurance solvency II ratio at 245% under the standard formula. Of course, this solvency tool should have benefited from increasing interest ratio to date, partly mitigated by increased volatility in the equity market, but overall, I will assume a net positive impact. So do you believe that thanks to that and depending on your view on the PPE reserve level at the end of the plan, do you believe Crédit Agricole Assurances will be able to return some extra capital to the group in terms of the ordinary capital return policy? Thank you.

**Jérôme Grivet:** So regarding post IFRS 17 earnings trajectory, actually we've managed to fine tune the implementation or the foreseen implementation of IFRS 17 in such a way that it's not going to modify materially the earnings trajectory compared to what it would have been under IFRS-4. So clearly, going forward we will have a real continuity in the earnings' trend as compared to what it should have been before under IFRS 4. This has been reached at the price of CET1 solvency because we are and we need, in order to do so, to build up a

client service margin that is quite significant and that is going to dent the capital of Crédit Agricole Assurance as it is recognised within the solvency of CASA, day one. And precisely this is making the link with your last question, thanks to the increasing interest rates the Solvency II ratio of Crédit Agricole Assurance has quite significantly increased and the intention that we have is that we are going to compensate the IFRS 17 transition impact on CASA solvency by upstreaming of some extra dividends from Crédit Agricole Assurances.

So net-net, at the end of the day, we will have an unchanged or almost unchanged earnings trajectory at no net cost in terms of solvency at the level of CASA.

**Speaker:** Yes, it's a question for me. Thank you sirs for the thorough presentation of the medium-term plan which we can tell is really committed to the future and aligned with the Crédit Agricole values. However, I can't help but notice that within the crowd in this auditorium and also in the slides that the term women hasn't been mentioned, so I'm wondering why it is so and if there are actions to be undertaken in terms of that evolution both for customers, for shareholders and also for employees. Many thanks.

**Philippe Brassac:** I'm not sure to have completely understood your question about the place of the men and women in the company or simply women.

**Speaker:** Actually, I think women are new customers to be looked after and I didn't see any that strategy being developed and neither for shareholders or for employees' leadership. So it's a question in general. We see that climate change is a key issue in terms of the world changing. Women is another key issue. And I can't help but see the crowd today and women are painfully underrepresented.

**Philippe Brassac:** Let me tell you that women is not a key issue for us, it's a key ambition simply. And we do act on this point for a very long time. When you look simply at the executive committee of Crédit Agricole S.A., we are now almost 40% of women within executive committee of Crédit Agricole S.A. And we do have a natural and lasting policy for all this kind of issue about a balanced situation terms of gender. So this is not why – we don't speak of this especially today because we are not speaking about the group project. The group project has already stated all this kind of targets and we are really acting on this point. We are just now giving you our plan for 2025 within this group project, but I can really tell you and I can give you many proofs about the fact that this matter is really managed by the group, not only by Crédit Agricole S.A., but all of our entities and other global level of the group.

However, I understand that we have to give you some key figures and the improvement of these key figures on the last years and for the next years. We shall do this.

**Giulia Miotto (Morgan Stanley):** Hi. Thank you. Can you hear me? Okay, Giulia Miotto, Morgan Stanley. Hello. Two questions from me. The first one is on LCL. I was a bit surprised by the 1 to 1.5 revenue CAGR target because in the past three years with the negative rates you delivered much more, so I was wondering what assumptions are behind that sort of very low revenue CAGR or mortgage margins maybe or market levels. So that's my first question.

And then the second one maybe more strategic on payments, I was impressed by your ambition to grow at double the market pace in eCommerce which is a place where there's a

lot of competition and new entrants that have a completely new tech stock. So how are you planning to do that? Thank you.

**Jérôme Grivet:** Yes, at LCL, what we integrated in the evolution of the revenue stream is simply the fact that when rates increase, it's beneficial to retail banks in France in the long term, but in the short term it may be a little bit less beneficial because it starts with an increase of all the cost of all the outstandings in terms of liabilities, whereas regarding the assets the repricing is only very progressive. That's the first point.

And the second point is that we also take into account the idea that when rates decrease, this is fuelling the credit demand because more and more customers have the capacity to repay a reducing level of interests whereas, again, when rates increase, we may see a weaker evolution of the credit demand in the coming quarter or years. So that's the combination of those two elements which are nevertheless prudent, but we think it's reasonable to be prudent even though again of course the increasing rates should be at the end of the day better for the net interest margin, not necessarily rapidly for the net interest income.

**Philippe Brassac:** Simply about payment and eCommerce and perhaps Jean Paul Mazoyer could complete my answer, I would like to answer first of all that as I said in my presentation, we are currently the number one in terms of payments in France, but of course the environment is really modifying very quickly all around us. However, we decided, we have always he always decided to master all the different kind of operations, all different fields about payments within our hands, but we need partners and we need cooperation about this point.

When we say that we must be quicker than the market for eCommerce, that simply say that on this part, our ambitions is to get to a higher level of market share compared to what we are today. This is why the implications of this target is to be quicker and faster than the market. However, for this point, we are already on this field, but we need to get partners notably for acceptance activities to be able to accelerate.

Jean Paul, would you like to add something or perhaps you simply say that my answer is correct? Okay. Thank you so much, thank you so much Jean Paul. However, the main message, the key message is that this is an internal question for Crédit Agricole Group. You can't say that this is strategic and decide to put that outside of the group. At the intersection of with the rest of the world we need partners. We don't need to outsource, we need partners. This is not so easy as you probably know. However, no doubt, we shall be able to find new partners with a strong ability and a natural point of view to reconquest this very special market on eCommerce for the very large corporates.

**Guillaume Tiberghien (BNP Paribas Exane):** The question is on the capital planning, so on my pack it is slide 48. I wanted to double check what is your expectation for RWA growth. I suppose 2 to 2.5 for example so that I can ask the end of the question, that would be a 10% growth over four years which would consume 110 bps of capital. Thus, is it fair to say that you're leaving about 60 bps for acquisitions in the plan?

The second question is on the return on invested capital for the acquisition. Given that your targeting 12% return on tangible equity, why only target 10 for return on invested capital? Should you not at least target the similar return for new acquisitions which will always incur some acquisition risk and disruption?

**Jérôme Grivet:** Let me start with the second question. Actually when Xavier said we are targeting a return of 10% for the acquisition, it's a return on investments, not a return on equity. And of course, we want all our acquisitions to be relative as much as possible in terms of return on equity. However, the return on investment may be lower than the return on equity depending on the capital structure of what we buy and what is the capital consumption of the activities that we purchase.

Regarding the evolution of RWAs, it's true that the evolution – the average of evolution of RWAs during the period is going to be lower than the evolution of the revenues, for example, and we will slightly improve the ratio between NBI and RWAs. However, it's going to be the combination of many, many moving pieces which may make the global picture a little bit difficult to read because actually we will have, at the level of the group, certain elements that are going to impact the level of RWAs which are not directly related to the development of businesses. It's going to be the case with the disposal of Credit du Maroc which is going to take place end of this year probably and that is going to lower a little bit the level of RWAs. It's also going to be the case of the upstreaming of dividends coming from Crédit Agricole Assurances because Crédit Agricole Assurances is risk-weighted as you know. And so every time we upstream some capital, we reduce a little bit the consumption linked to this business. And there will be also end of the period the first-time implementation of Basel IV if we read correctly the text. And this is going to translate also into some, I would say, one-off modifications of the RWAs, in certain businesses a reduction in the RWA consumption especially in some credit businesses, whereas at the same time, we will have an overall increase in the RWA calculation for operational risks.

So globally this is making moving pieces, but what is true is that globally we are going to improve slightly over the course of the plan the ratio between NBI and RWAs.

**Jacques-Henri Gaulard (Kepler Cheuvreux):** Jacques-Henri from Kepler Cheuvreux. Thank you and good morning. I have four questions; I'll make them brief. One of your main competitive advantages, it is governance, right? And governance on the supervisor around the mutual structure, you talk to supervisor every time, is it safe to say that this structure will remain throughout the length of the plan and beyond because

**Jérôme Grivet:** There seems to be a mic problem with your mic.

**Jacques-Henri Gaulard:** I'm sorry.

**Jérôme Grivet:** That's not your fault.

**Xavier Musca:** You have to be closer from the micro, I think.

**Jacques-Henri Gaulard:** The second question – you got the first question, yeah? Okay, on governance. The second is maybe, yes, surprised that payment in real estates were not maybe segregated as separate divisions. It's really complicated, other banks have tried, it doesn't really work. Are they still at corporate centre level is the question ?

Third question on BforBank, it's probably the second or third reboot I can remember. Wouldn't we better off just selling it? And on transition and energies, I was very interested also by the business line. Is it safe to assume that some portfolios on fossil fuels are going to be transferred to that division or did I miss that completely, Eric?

And lastly, one comment I think the contact with and access to phenomenal executive woman at this group has been obviously much, much higher than peers.

**Philippe Brassac:** About the mind of supervisors about maturities structure, let me tell you that nowadays, now, that this question is surprising – I mean there's no special concern about this. Our structure is special of course, but German structures are special with some kind of organisation too. So I don't feel a kind of threat or misunderstanding about our organisation. Let me just to remind you that we are a group. On the last years, we succeeded to restate, to explicit many things, and mainly the project of the group with different pillars for the customer project, the societal project and the human project. That is a rule. And on top of this, you have Crédit Agricole Group and the central body, Crédit Agricole S.A., is at the same time a listed company.

I think there's no question about this point. Fortunately, this is said to be a little bit more complex for some observers. Of course, this is not our mind when we are inside the group, but we think that it is stabilised. And when you look at the weight of cooperative banks, just like in France, more than 66% of financing the economy in France is made by cooperative banks. Really, this is not a matter. And as we succeeded once again to prove to the supervisor the ability for capital and liquidity to circulate within the group, we don't have any more questions with that.

The last question was about the switch. This is a question of the past and now we are comfortable on this topic. There was a question about payments within or not the corporate centre –

**Jérôme Grivet :** Regarding payments as well as real estate activities, what we show is that actually those two businesses generate revenues which are mainly sitting within the regional banks and within LCL and within the old banks of the group. So globally the idea is that there is a central I would say structure, an entity in both cases actually and for the real estate activities, several entities. However, they operate with a very low level of profit. And this very low level of profit is indeed accounted for within the corporate centre. However, most of the revenues sit at least for the time being within the retail banks.

**Xavier Musca :** On BforBank and on transition and energy. I will have a maybe a common word for these two items, but I will also be more detailed on the each of them. This common word is you have to be patient because in both cases we will present more detailed features about what we want to do in this regard. For BforBank, we are indeed planning to present a new structure, new ideas. I have mentioned also the ambition we have to develop it internationally at least in Europe. And the idea behind it is to try to find out a way out because indeed we all know that digital banks are very numerous. While some of them are experiencing some headwinds, we do think that it is possible to create a new kind of offer in which we will have at the same time very good digital service and we are working hardly on that because indeed without that it makes no sense. However, also we do think that it's worth trying to combine that with some kind of human presence and that will be at the heart of the model we'll try to build. For more details, you will have to wait for a full-fledged presentation which will come.

On energy and transition, I would say that the name of the game is not to transfer assets from one pocket to another pocket, it wouldn't mean anything. However, indeed to create

new services, so let's be very clear about that. All the business lines now are developing, I would say, green project, green offers, et cetera. And during the course of the presentation of today, we mentioned repeatedly some of the initiatives we have taken. So the idea is not simply to transfer again and to revamp what we are doing and just to make some trick of communication by these new structure, but rather to think in depth about what is needed for the client. And what is needed for the client in both health and energy is indeed for example advice, is once again advisory services. It may be also that some part of the group which are the means to do that, invest in those new businesses. It is to create through platforms a connection between ourselves and other partners because indeed what we see is that we have not in-house all the competencies. However, our role here is also to be an architect of the relationship between the customer, either the new customer or the companies and all the people intervening in this field.

So what we want to be through these initiatives, and I am here talking at the same time about health and about energy, is to create some kind of environment in which we would manage to offer a full-fledged service to our clients in which we will aggregate our own competencies but also the competencies of people which would be our partners. So that's the idea. It's not, once again, to just re-classify what we are doing yet.

**Tarik El Mejjad (Bank of America):** Yes. Hi, good morning, Tarik El Mejjad from Bank of America. I have two questions please. First for you maybe Mr Brassac is on your vision for growth in retail banking in Europe. You repeated a few times that you are the largest bank in Europe and you're clearly not afraid of adding branches as maybe other competitors are, and you are a product factory. So is your model really to leverage on the banking union, on lower G-SIBS but for you it's not issue, capital, so highly – sorry, group is highly capitalised, does that not benefit really? However, would you be open to grow faster in retail outside France and Italy?

And maybe on that, I mean in Italy and the Banco BPM transaction recently, could you explain me really why a 9% stake in the bank will strengthen your partnership with that bank? I'm really interested to understand that point.

And secondly on capital. You reiterated a 50% cash payout. It's not above 50, it's 50. So you will have a bump this year with the \$0.20 from 2019 skipped dividend. However, would you open the door to grow the DPS year after year or mechanically given your EPS growth and so on we would have the DPS going down in '23 versus '24? Thank you.

**Philippe Brassac:** Well, the first question about our ambitions for retail banking in Europe, let me restate your question differently. I don't know what is retail banking, really, I don't know what it is. I tried to explain you that what you call retail banking is the special part of our entities, linking the global relationship with our customers. Thanks to that we needed to create business lines. Thanks to that they are both in rather complementary development. So when you're speaking of retail banking, it seemed to look simply directly at this piece of the puzzle, simply this piece of the puzzle. So the group never expressed any ambitions about retail banking, neither in France nor in Europe, but global banking, universal bank. It seems to be probably – it seemed to you probably too much theoretical but within Crédit Agricole it's very concrete, it's very practical.

So when many people ask me about this kind of bank that can be called a retail bank in Germany, in Spain, they are looking at it as on a solo appreciation, not in a global appreciation with this global approaches with the different business lines that could serve it as arranging all the range of solutions, the global to the local to be very simple.

So we already said it a long time ago but it is always true. We already said in 2000 during our main Congress in Tours where we decided to list our Caisse Nationale de Crédit Agricole. The target was not to be on the market. The target was to be able to expand our successful model of universal bank with bank of the organisation and the business lines, to the dimension of Europe, European Union that was growing. Of course, we reported that this shift of building in Europe was so much difficult compared to the ambitions 20 or 30 years ago. However, the natural expansion of Crédit Agricole Group is really on the very long term, to expand our model not only in retail banking in this country, then asset management in this country, but to expand this model, that really works, not only for French people, not only for Italian people in north of Italy , but households, for companies. To give them all the support of the global approach to cover their needs.

So we are in this mind, but I did tell you that our main priority was organic growth. External growth was just a matter of opportunities. Opportunities may exist but we can decide of course of this point and if we had opportunities about that, it will be to link that to the universal approach as we succeed to make this in the north of Italy. I would like to add that times have changed, of course. And now we are speaking of a bank. Let us say, bank of the global relationship. We are not just speaking of a bank with branches but a bank with the full range of channels to other global relationship with their customers.

So I think for example, but this is just an example, that the new ambition of BforBank is just to deploy the global model of supporting customers with all the projects of the group in a global relationship, in a remote position. This is a kind of new universal bank that we can contemplate in any kind of territories in Europe even if some territories are probably most easier to be contemplated by the the group.

So I'm aware that my answer is not precise enough for you, but I would like today to share with you this global view on the very long term. Our view is not inside us, is not as in an Excel dashboard with asset management, with insurance activity, with retail banking. Unfortunately, this so sophisticated global approach is quite unknown today by many of our competitors because it is very difficult to manage. Don't think that stating a group project in a group with our level of complexity is so easy. However, this is a formula to win as we won in the past, and this is the way we contemplate new territories on the very long term, yes, mainly within the European Union.

So everything will be looked at by Crédit Agricole. Each time somebody ask me could you look at this kind of entity, always we say, yes, we look. However, the condition is to be able to create these universal relationships that give the global efficiency to our work. So sure that you are disappointed by my answer because I'm not precise enough, but this allows me to go to this issue now.

Let me go on the next second question. For quarters, for years, we are asked about the level of percentage of dividend. It's surprising not to ask about the level of dividend. I mean distributing 50%, 60% or 40% depends on the basis. The basis is the expectation to go on

expanding the group. I've already answered – I'm aware that many banks announced a higher level of dividends ratio. Probably explaining that their stories is ended, and that they were giving back the dividend . When you have an ongoing process in terms of development and our process has been for more than a century. And when you look at our revenues they are always increasing including during the crisis, including during 2020. Our ambition is to grow on with clarity, with stability for our shareholders, but not with this idea that “ I don't know where I have to invest and so I give back the capital”. So the most important point for us is to be very stable in terms of promises for our shareholders and to be very dynamic in terms of ability to grow the group as it grew in the past and of course for the benefit of our shareholders.

**Jérôme Grivet:** Maybe one point that I can add to that, which is that we've decided starting this year to offset the dilution linked to a capital increase that we reserved to our employees by dedicated share buybacks operation. So we are going at least to improve a little bit, all things being equal, what you deem not sufficient which is the remuneration of our shareholders. We are going to eliminate going forward this dilution that was linked to these capital increase that we proposed to our employees. There is one operation that is going to take place in the coming weeks and before the end of the year we are going to eliminate the shares created for the operation. And we will do that year after year.

**Philippe Brassac:** And we have not forgotten, we can add this point : the 20 cents we did not fully pay on the dividends of 2019. This is a very important point, to be loyal with shareholders, is never to forget what we said we would pay, what we couldn't pay and what we shall pay on the next incremental payment of dividend for the future. So we said that we shall manage to pay completely the dividend we couldn't pay for 2019 year. And so, the rate of dividend will be higher than the normal policy, but this is something we said and of course that we shall do.

**Xavier Musca:** Yes, good afternoon. There was also a question on BPM, just to mention the fact that we have together with BPM as you know, Agos, which is very profitable company with a return on equity which is around 17%, which is among the three biggest players in the peninsula in the consumer credit. We want to preserve this subsidiary. And it was a way to stabilise the situation to take this 9.18% in BPM, to solidify this partnership with BPM. And I say it was also a way to state the confidence we had in the actual management and tell them that we are prepared for further cooperation if they feel that the need arise and that the proposition we could make to them fit with their own purposes. So that was a way of supporting the company. I would add that at the moment we invested in BPM, the conditions were perfectly favourable. On top of the strategic endeavour, it was a good financial operation.

**Delphine Lee (JP Morgan):** Yes, hi. Good morning. Delphine Lee from JP Morgan. So three questions. First off with the first one on slide 5 and your market shares in insurance, life insurance and P&C. If we look at that slide, it's not that different from the old plan. So I'm just wondering if you could just elaborate a little bit of what are the challenges in progressing on those market shares. I mean you're already a very big player, but to increase that further.

My second question is on energy transition and the impact it has on, well, in terms of revenues for your CIB. I mean CACIB has ambitious targets in terms of revenue growth of 4-

5%. I'm just wondering how much of that is impacted to a certain extent by some portfolios being run off because of transitioning.

And my last question is on the interest rate sensitivity. You have conservative assumptions for the plan but you do have a little bit of slight increase in Euribor. I just want to understand a little bit kind of how that impacts your top line, and what if we were to have much more interest rate increases, if you could elaborate on how that impacts the top line? Thank you.

**Philippe Brassac:** I think the first question is about our ambitions in insurance on the very long term. You are surprised by the chart probably but yes, market shares are not so high, and we are very big in terms of insurance. The conclusion is that we will be bigger and bigger, simply. Because when you look at one moment at the pace of our activity, when you link our retail bank of the global relationship and our market share in insurance, you can see that there no reason not to go higher notably within our domestic markets, nor to sign new partnerships, including at the international level, as we did so, for example, with Abanca in Spain to develop on the international level our insurance activities.

So I think that, yes, when you are a very important bank with all the usefulness we provide to our country, you may become a bank insurer from scratch in 1988. And then develop bigger and bigger. And this evolution is absolutely not ended for the future. When you add the second level I tried to explain in terms of development for the business line per themselves, with notably ability to sign partnerships outside of the group, outside of France, with banks that are deciding not to keep all the different business lines necessary and useful for the relationship with the customer, there's room for these developments.

So the answer is very simple, yes we've succeeded to become the first insurer in France when you aggregate life insurance activity and P&C activities, but we shall become bigger and bigger. That's our destiny as a bank insurer.

For the next question on energy, there was a question about energy.

**Jérôme Grivet:** The idea is are we going to see an impact on CACIB's credit outstandings linked to this transition. I think that actually going forward there is going to be an increase in credit demand linked to the energy transition, so definitely even though there are some reduction in certain portfolios in CACIB, we will see globally this energy transition fuelling actually the development of CACIB going forward. That's absolutely certain.

And then there is this question regarding interest rate sensitivity which is a permanent question that we've addressed several times during the calls on the results. We are providing a sensitivity analysis in the reference document, but it's very difficult to integrate in those sensitivity analyses the behaviour of our customers and the context in which an increasing rate would appear actually. And so of course if rates happen to be higher than what they are now, what we have integrated in our plans, it's going to be as I said mechanically better after a certain period of time. However, then we have to fully take into account the impact on the credit demand which is not clear-cut, the impact on the cost of risk which is not either clear-cut, the impact on different elements like that. So globally we think that we've been prudent in our assumptions. We think that possibly if rates are a little bit higher, there is a potential of additional revenues going forward. However, I think it wouldn't be relevant really to translate mechanically another assumption in terms of rate or yield curve into a determined number or a determined amount of additional top line or bottom line.

**Philippe Brassac:** Perhaps let me re-explain something I've very often explained that it was difficult for me to convince people asking me this question. When you are a universal bank with all the range of our activities, when you look on the long term, there's no correlation between our profitability and the level of rates, no correlation. The best proof is that our highest level of profitability was in 2021 with the lowest level of interest rates. The fact is that we are sensitive to the move of interest rates either when they are lowering or when they are increasing. And it depends on the quality of your ability to master what we call the ALM management, asset and liability management, to adapt this period of transition.

However, when you look on the very long term with interest rates very high or very low, and unfortunately I'm old enough to have faced all this kind of situation, there's no correlation; because this is not our job to be this kind of intermediation between savers and borrowers. The real matter is between savers and borrowers. It's not so simple to adapt, but this is simply a matter of adaptation to a period of transition. So we never said that with very low interest rates it could be catastrophic for us. It is not right to say if rates are very high, it could be paradise, because many things can offset the situation. When interest rates are low, you know you have much more loans, lower level of cost of risk. And when interest rates are very high you have lower level of loans and higher level of cost of risk. However, at the end of the day, what you must manage is the gap between the liability side and the asset side.

So the most important question, the most precise question is about ALM, our ability to be prudent to face the short term when rates are moving, decreasing, or increasing. I hope it was enough for you.

**Xavier Musca:** However, we provide data in our document and I think it's €700 million for 50 bps increase. If it is parallel, it is a three-year time horizon. However, for all the reasons which were explained, these figures in itself is just an exercise, I would say an academic exercise because in fact it supposes that everything is stable, it doesn't look at the way the increase of rates translates between assets and liabilities, et cetera. Thus, it gives you some notion of the fact that overall the impact should be positive but we have to be cautious for all the reasons which has been explained.

**Stefan Stalman (Autonomous Research):** Yes, good afternoon. It's Stefan Stalman from Autonomous Research. Thank you very much for hosting the event. I have two questions, please. The first one on insurance. The risk weighting of the insurance business under the Danish compromise is supposed to come down quite noticeably under the current implementation proposals for Basel IV to 250%. The first question on that is do you see any risk from where you stand today that this may not be implemented and that the outcome will be different from the 250%?

And the second question on that is do you think you can make larger acquisitions in insurance on the basis of this risk weighting or do you think prudential regulators would be quite defensive on that?

And the last question relates to the energy transition issue which has already been mentioned repeatedly. That clearly will generate quite a lot of extra borrowing for a lot of households and corporates in particular, and not necessarily more cash flows for these households and corporates. Do you expect that this will lead to a generally weaker credit quality of corporate borrowers in particular as they have to shoulder these additional investments?

And maybe as a function of that, do you expect significant government intervention in this process, let's say, through guarantees, maybe also through incentives on the risk weighting site? Thank you very much.

**Philippe Brassac:** Thank you. Insurance and weighted assets.

**Jérôme Grivet:** Yes. The weighting of the insurance activities. Well, until the regulation is definitely approved, we cannot be sure 100%. However, definitely this seems to be a point that is completely agreed upon at the level of the European Union and simply because actually 250% is I would say a meeting point between people like us that we're risk weighting their assets at 370% and some that were risk weighting at 100%. So 250% may look to a certain extent as a medium point which is acceptable for everyone. So in this regard, we do not see a risk of seeing the 250% translating into or maintaining of 370%. That's absolutely certain.

Do we think that an acquisition would be more difficult to conclude because precisely this would allow us to take advantage of this more favourable risk weighting by the ECB? Well, I don't know. However, actually if any acquisition were to be made in the field of insurance, we would much more take into accounts this strategic interest and the business prospect than simply the risk weighting. The risk weighting is clearly a component of the financial equation but it's not because of the risk weighting that we would, I would say, aggressively develop acquisition in insurance that wouldn't make sense.

**Xavier Musca:** And if you allow me, there is something which surprised me in your question which is that supposedly you give the feeling that the ECB should be reluctant with the fact that we were developed in bank insurance. Through the contact we have with them, we have not at all this sentiment. Thus, I have not the feeling that if we were to decide to develop in this area they should have any problem because I perfectly see it contributes to the soundness and stability of our model.

However, more generally, we are not contemplating at this stage making any significant acquisition in the insurance market for one simple reason which is not stemming from the position of supervisors or regulators but just about our model which is based on organic growth and which is based on the fact that we are bank insurance. And we are not seeing the interests of buying, at least at this stage, I would say, insurance companies that would not fit with our model. However, it's a question of model, it's not a question of a position of regulators and supervisors. Be reassured. There is no reluctance of supervisors and regulators on the so-called Danish compromise and on the development of bank insurance.

On the issue of the credit quality deterioration which could be one of the consequences of the development of the green, I would say that in the long run, it obviously goes in the opposite direction, because if you suppose that the rise of the carbon price will materialise, the fact that we start investing earlier in low carbon energy should reinforce the position of the borrowers, that's the first element.

The second is that in any case, we are looking at the quality of credit obviously. The third element that, as mentioned, we do think that the development of this transition ambition for the whole society in Europe is essential. It is essential for all the reasons you know from a climate point of view, it is essential for question of energy independence and we clearly see that today. Thus, I'm convinced that for both these reasons, there will be, if the need arises,

some kind of public support because of this willingness of governments to insure independence and long-term sustainability.

Finally for all these reasons, we are very much confident and we have the feeling that we have a role to play and markets shares to gain because I mentioned we have teams which are very much experienced and we have proven that. Thus, we can also take the best part of the market and our expertise will help us develop quicker than others in those fields.

**Mate Nemes (UBS):** Yes, good afternoon. This is Mate Nemes from UBS. I have two questions please. The first one is on cost of risk guidance. I think you alluded to this being a fairly conservative guidance. I'm just wondering if you could give us a sense of the underlying assumptions of this number, and I would be interested in specifically two things. One is the budgeted cost of risk or assumptions around Russia and Ukraine related provisions. And secondly, you talked about some of the macroeconomic assumptions. I'm just wondering if you could give us a sense of what sort of, if any, potential rise in unemployment in your core markets are assumed in this number.

The second question is on IT investments and digital transformation. I think on slide 32 you gave a 20 billion total IT and digital transformation budget. Are you able to split that out for us and to run the bank and change the bank numbers if possible? Because clearly whether I look at your digital agenda and some of these names are quite ambitious, so, clearly, you'll need an adequate budget for that. Thank you.

**Jérôme Grivet:** On the cost of risk, first we don't provide guidance. It means that the assumption that we make is not a guidance. We don't say that we foresee a cost of risk as high as 40 bps in 2025 or over the duration of the plan. Simply we said that the target of profitability that we set is compatible with such a level of cost of risk. That's the way you should look at it.

Second point, do we embed in this assumption a specific element regarding Russia and Ukraine? We haven't made specific assumption regarding the specific subject in this conservative assumption. Regarding Russia and regarding Ukraine, I think that of course we are going to talk again about it when we publish Q2 results. However, what I said when we published Q1 results was regarding Russia that if the situation was not materially evolving, we shouldn't lead to an increase in the prudential provisions that we've taken. And the only move that we could be facing would be simply a default of one of the names of the portfolio. And regarding Ukraine, what we said is that with complementary, I would say, provision that we've taken centrally in addition to the local provisions on credits in Ukraine, we've covered as of now as of end Q1 the total economic exposure that we have in Ukraine. So no specific assumption regarding those two areas of risks but no reason why we should do differently.

**Philippe Brassac:** Let me add Jérôme if you want that we had very often this kind of question on the last two years, of course, and restate the fact that cost of risk is not solely linked to the level of risk, but it is linked to the level of your previous outstandings in terms of provisions and the rates of provisions compared to the level of your risk. And when you look at this kind of ratio, we are better than many other competitors. That simply proves that we are more able than others to face a worse situation all around this. This is very important because we are always asked about the link with worst situations around us, never starting from the level of provisions both for Crédit Agricole S.A. and Crédit Agricole Group.

And as you probably know, the culture, the tradition of Crédit Agricole is to be very prudent notably within regional banks of course, but also in Crédit Agricole S.A.. You saw that in the last two years that we never decided to write back provisions that we wanted to keep for the future. So we can't say of course that the future won't be worse, we can't say that, but we are probably more able than others to face it if it were the case.

**Xavier Musca:** If you allow me Philippe, the coverage ratio is now at 74.7 to be compared with around 70% before the crisis. So we have increased the coverage ratio which shows the prudence you are alluding to.

**Philippe Brassac:** IT budget between run and change. Jean Paul, you can take? Okay. Responsible for digital IT within the executive committee.

**Jean Paul Mazoyer:** As Jérôme mentioned before, the total amount for IT technology during this plan is €20 billion in comparison with 15 for the last plan [Credit Agricole group perimeter], so it's significant increase in terms of investment technology. Out of this €20 billion, we plan to invest at least €1 billion specifically to modernise and to build up capacities in terms of cloud, data, IA, digital workplace with both objectives of resilience, quality of service, security, digital capacities as I mentioned, green IT and also to reduce the cost of the run cost of the IT for the group.

Currently, the ratio between the run and change, is 60 for run and 40 for change. It's a little bit higher than what we expected. And during the MTP, we plan to reduce the cost of the run the bank at least by 5%, in order to have more capacities to change the bank and change the technology.

**Philippe Brassac:** Thank you, Jean Paul. Other question in the room?

**Omar Fall (Barclays):** Hello? Hi, can you hear me?

**Philippe Brassac:** Please.

**Omar Fall:** Yeah, so this is Omar from Barclays. Two quick questions. The first one, sorry to focus on the short term, but Jérôme last results, I think you mentioned that in your internal capital planning, you saw capital rising every quarter from now. Does that still apply because I guess the language today in the presentation is a bit nuanced with this 250 bps floor that suggests that maybe capital can come down a bit before going back up? So that's the first question.

And then the second question is just on large customers. Maybe I've misunderstood, but I don't really know why you think you should grow so far ahead of GDP. Everywhere else, you're quite conservative. SFS, if you strip out Stellantis, it's low single digits. CreVal, low single digits, and LCL low. However, I'm not sure I understand the large customers target. Thank you.

**Jérôme Grivet:** On the first question, I don't think I've said the CET1 ratio was supposed to grow quarter after quarter. I think that what I had in mind at least was that the CET1 by the end of the year - that's the capital trajectory I was able to make when we published Q1 accounts - was to be above the one that we've stated and published for end of Q1. So of course, since then, the situation has evolved a little bit in terms of rates; but nevertheless, we continue to stick to this idea that 11% is a relevant target. I've explained why when I presented the financial targets of the medium-term plan. Again, what I've said is that, and I

already said it before, a target is a target, meaning that you can be slightly above or even slightly below. It's not an issue as long as you keep within a decent range around the target. And we've simply provided a little bit more colour on what we deem would be a decent range around the target when we presented these figures a little bit earlier.

**Xavier Musca:** On the second question talking under the control of Jacques Ripoll who maybe will want to complement my answer. We mentioned a few minutes ago, I think it was Jérôme, that the growth in in RWA will be lower in the case of CACIB than the revenues for a variety of reasons, the number one is related to regulation and the application of Basel IV in 2025 which shall have a positive effect on risk weighted assets. So part of the risk weighted assets generated by the organic growth of CACIB will be absorbed by this modification of regulation.

The second element I mentioned myself was the fact that we want to develop CACIB in segments like mid-caps which are quite profitable but also in businesses which do not generate, by themselves risk weighted assets. We are talking in particular about supply chain financing, cash management with the growth of 15% per year. And all these reasons on top of the fact that during the past three years we have prepared new engines for growth in the case of CACIB, notably the development of all the green business. This makes us confident on the capacity to grow quite strongly during this period, and at least in a very profitable way.

**Philippe Brassac:** Thank you. Other questions? Clotilde, are there remote questions?

**Clotilde L'Angevin:** Yes, can you hear me? Yes. We have questions from the chat. We have a question by Tom Hallett of KBW who is talking about the expected growth in the SFS division which is considerable over the next few years and material different to current market expectations. How do you expect to close the gap in this division in terms of income considering extensive competitive markets such as car leasing?

**Philippe Brassac:** I'll let Xavier answer on this point.

**Xavier Musca :** To be honest for once, part of it is a scope effect the fact that we reintegrate 100% FCA bank in the scope which indeed makes a difference, while in the past it was equity accounted, so that's makes the first element of difference. The second element is justified by the fact that we have the feeling that we have the capacity to grow quicker than the market. Let's give you a few examples. All the regional banks which was not the case will join the FCA system during the course of this medium-term plan. We are developing the BNPL with market shares which are 11% nowadays in France which is quite significant. We are confident that we will continue on the same trend. We will also develop consumer credit activities in the different geographies. I'm thinking about Portugal, about Spain. At least in Spain we have just started.

Finally, all we have said about leasing will also support the growth. That's why we have very big ambition in this field, in which we were quite late. Because we have to recognise it, our market shares in car financing was lower than the one of our competitors. We have the feeling that for the new organisation we have described during the course of this day we will be able to grow faster than our competitors.

**Philippe Brassac :** Thank you. Another question.

**Clotilde L'Angevin:** Another question by Guillermo Ibanez from UBS. How open is the group to exit non-core international operations such as Egypt?

**Philippe Brassac:** You commented that I think already.

**Xavier Musca:** Yes. Well, the answer is very simple. I think that the way we look at different businesses are not only about Egypt. Constantly, we are looking at all our divisions, in all the businesses, all the banks, and asking us first of all is it aligned with the objectives of the group, does it bring synergy with the rest of the group. For the time being, the answer in the case of Egypt is yes, because Egypt has a lot of synergies with CACIB, a lot of clients of CACIB are willing to be present in Egypt so that's our first item. The second element is the question of prudence. Are we a business which is managed in a prudent way? The answer is again yes. Even in the worst moments in the past in the case of Egypt, we were profitable. And we are not financing our Egyptian operation through Paris, it's 100% financed locally. And the third element is profitability and the answer is again yes. So there is no prospect of leaving Egypt.

However, as we have demonstrated in the past, we are always reviewing at each and every moment, in all businesses, what is adapted or not. We went out, for example, from consumer credit in the Netherlands a few months ago, went out from Romania, Serbia, et cetera. And once again we applied the same analysis to all our activities whatever the location is.

**Philippe Brassac :** Thank you. Clotilde.

**Clotilde L'Angevin:** Now, we have a question from Anke Reingen from RBC. She's asking about the acquisitions that have been mentioned a few times and she's wondering how they fit into the capital path shown on your slides. The path, does it include a buffer for deals? Or if not, where do you make room for deals even if they're small? Through the dividend?

**Philippe Brassac:** Jérôme.

**Jérôme Grivet:** Well, what we've said is that our capital trajectory has a margin of manoeuvre, I would say, of around 170 bps to fuel the growth. If there is any acquisition to be made, and Xavier explained that we would be very strict regarding the financial conditions of such an acquisition, it should be integrated into this margin of manoeuvre. However, keep in mind that in the last medium-term plan period, we've made more than €4 billion of acquisition and half of that was financed through disposals. So clearly, we have a global flexibility and we've been able to really finance all the acquisitions that we've made within our normal trajectory. So what we intend to do in the future is exactly to maintain this stance.

**Philippe Brassac:** I would like to all on this point something we very often repeat. We are not concerned about critical size. Of course, opportunities can appear. We can look at this point. However, differently from many other competitors, we are no issue about critical size. We are the tenth largest bank in the world. And thanks to the special organisation that I tried to explain to you, we can say that each of our entity has a critical size because they don't work in solo, they work supported by all the different business lines of the group. This is very comfortable for Crédit Agricole Group really to be able simply to look out for opportunities without any strategical constraints.

**Clotilde L'Angevin:** There's a last question from the chat regarding the short term, regarding the fact that there was a target of 2022 net income of 5 billion. Can you please

advise how you can achieve the size €5 billion this year? This was from Tony Khreich from Melanion Capital.

**Philippe Brassac:** A special question about the guidance for the current year. So this is for you, Jérôme.

**Jérôme Grivet:** To a certain extent actually what we are publishing today is a reset of all of our financial targets. We forget the previous targets that we have actually met last year, one year ahead and we reset our targets for 2025 now is the new horizon. To be more serious, what is important in our mind is to continue to stick to the ratios that we had set as targets for 2022. And the cost income target, the return on tangible equity target continue to be our drivers and we'll continue to stick as much as possible to those targets.

When it comes to the net income of the year as Philippe just mentioned, we don't like the idea of giving a guidance for the current year. Thus, I'm not going to comment on this last issue.

**Philippe Brassac:** That's all. That's all for the chat. That's all for this room too? Okay, so thank you so much. I hope this meeting was clear and useful for each of you. Thank you so much for having been present and connected. Hope to see you soon. I invite you to a friendly lunch and hope to see you soon once again. Thank you so much.

[END OF TRANSCRIPT]