



Crédit Agricole Q1 2024 Results

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Key Messages & Figures

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The Group continues to grow

Good afternoon, everyone. It is a pleasure for me to present you these results today. Let me go directly with the presentation on page four, where we highlight the main messages of the quarter. The first point, of course, that we all have in mind is that we are posting the highest ever first quarter results. And the second element I also wanted to insist on is the fact that this very high level of results is both the result of, of course, the end of the contribution to the Single Resolution Fund but also, and this has been the case since now many, many quarters, a further improvement in the operational parameters with an increase of the revenues and a very good cost control.

As a result of that, of course, we continue to have a very solid capital and liquidity position, and we have been able to continue to develop our strategic operations over the quarter. There is here a list of different operations that are mentioned on this page. And we have continued to work also, of course, in the energy transition programme that we have been launching now two years ago.

Key Figures

If I go on page five, where you have the main figures for the Group and for Crédit Agricole SA. I am not going to read all these numbers, of course, but just let me highlight a few of them.

When it comes to the Group as a starter, we can see that we have, at the same time, a significant evolution of the top line, plus 6.7%, a significant improvement of the gross operating income, excluding the contribution to the Single Resolution Fund, plus 8%, and more than 30% if we take into account the Single Resolution Fund contribution last year.

And in addition to that, an improvement of the net income Group share, €2.4 billion, plus 43% if we do not rule out the contribution to the SRF, and plus 6%, excluding this contribution.

When it comes to Crédit Agricole SA, we have also a sharp improvement of those indicators, top line, gross operating income and net profit, both of course excluding and not excluding the contribution to the Single Resolution Fund. Net profit, €1.9 billion, plus 13.3% and plus 55% and top line [*revenues*], plus 11% at €6.8 billion.

Maybe just one or two other figures I wanted to insist on this page. Cost/income ratio for Crédit Agricole SA is further down, 53.7%, it is minus 40 bps this quarter as compared to Q1 2023. And the return on tangible equity this quarter is above 16%, 16.3%.

Outlook: 2024 results expected to reach 2025 ambitions MTP target a year ahead

On the following page, we want to foresee a little bit what is going to happen this year according to the very good results that we are posting for the first quarter of the year and according to the reassessments that we have been doing of our potential development for the

rest of the year. And we are pleased to say that we intend to reach all of the targets of the medium-term plan for 2025 as soon as this year.

It was already the case for the cost/income ratio and for the return on tangible equity, where we stood below 58% and above 12% last year. And of course, we will continue to do so this year. But it was not fully the case for the net profit, and we now foresee to post a net profit above €6 billion for the full year 2024 instead of 2025.

This is also the occasion to note that since 2016, we would have close to doubled the net profit at Crédit Agricole SA over the course of the eight years.

Stepping up the energy transition

Going on the following page, we wanted to take the opportunity of this result presentation to update you on our energy transition programme with first a reminder of the three legs of our strategy, which is based first on the permanent acceleration of the development of our financing and investments to renewable and low-carbon energy sources. And here are some figures showing that we continue to accelerate rapidly on this path.

Second element, we continue to support the transition of our customers, all categories of customers, corporate, SMEs and households. And we developed several initiatives in order to help them transition.

And third, and this is a consequence of the first two elements, we will continue to reduce our own carbon footprint, I would say, aiming at our net zero trajectory by 2030, in line with the different targets that we have already published.

Net zero trajectories in line at end-2023 targets

And these targets are reminded on the following page, page eight, where we update the results of the first five trajectories that we had announced back in December 2022. And you can see that on all those trajectories, we are very well on track to reaching the objectives that we had set for 2030. And we have added, as you know, three new trajectories end of last year, which are reminded here on the right-hand side of this page. And for these three additional sectors, we are going to start providing numbers and providing data as soon as beginning of next year in order to check also for these three sectors that we continue to be on track, again targeting 2030.

In addition to that, we remind that we continue to reduce significantly our hydrocarbon extraction exposure, which is now close to \$1 billion with the end of any financing of new fossil fuel extraction project.

Continued development of universal banking

Let me go now on page 10 by giving you some elements regarding the activities that we have had this quarter, I would say, again, because this is, of course, a continuation of the same strategy and the same growth engines that we have had since now many, many years.

Two elements I wanted to highlight here. The first one is that our universal retail banking model continues to develop with several indicators showing this good development. We continue to have a good momentum in terms of customer capture. We continue to increase the net inflows of customer deposits in our banks. We have had a very strong level of insurance activity, both in life insurance, where we are posting record inflows this quarter and

non-life insurance activity, where we continue to increase the equipment rate of our customers with the different services that we propose to them.

We have had also a high and balanced asset management inflows at Amundi. And lastly, and this is not something that we should have in mind when assessing the level of activity of our retail banks. It is true that the production of new loans and especially home loans has slowed down. It is a very direct consequence of the normalisation of the monetary policy. I should even say that the normalisation of the monetary policy is precisely targeting at this reduction of the production of new loans. But again, this is showing that it is not enough to characterise a reduction of the overall activity in our retail banking. On the contrary, activity is developing well in our retail banks in France and in the rest of Europe.

When it comes to the large customer division, we are posting this quarter a record level of activity and record level of revenues, both for the CIB and for the custody activities with a sharp increase in assets under custody and under administration for CACEIS.

Good performance driven by all business lines

Let me go now on page 11, where we show some precise indication on the manner this overall financial performance has been generated, starting with the revenues.

Revenues are up 11.2% for CASA on this quarter. And you can see on this page that all business divisions contribute to the increase in this overall top line. Asset Gathering division benefited at the same time from a good commercial momentum and from positive market effects.

In the Large Customers division, both CACIB with another record in terms of level of revenues above the record that we posted in Q1 2023, and CACEIS, which is benefiting from the integration of the European activities from RBC, both those entities are posting a sharp increase in their top line.

When it comes to the Specialised Financial Services division, we also have here the benefit of the full integration of Crédit Agricole Auto Bank that was performed only in the second quarter last year and which was not present in our scope of activities at 100% back in Q1 2023.

In retail banking activities, we have an increase in the top line, both for LCL, French Retail and for the International Retail Banking activities.

And lastly, in the Corporate Centre, we have an increase in the top line, which is mainly driven by the valuation of the shares of Banco BPM that we have purchased back in 2022.

So all in all, a sharp increase in the top line. And if you look at the right-hand side of this page, you can see that this increase in the top line has been developing permanently since at least 2017 very regularly and seemingly accelerating in the last period of time with the combination of organic growth and inorganic growth.

Maybe one last element on this page. There is of course the benefit of the scope effect on this quarter, but the integration of the acquisitions that we have done last year represent less than half, actually 40% of the increase of the top line.

Support to the business line development, positive jaws effect +1 PP (Excl. SRF)

Going on the following page on the costs, you can see that the overall cost basis increases less rapidly than the top line, plus 10.2%. So there is a positive jaws effect for the quarter. And when we assess where this cost increase was located, you can see that it is mainly driven by the scope effect because it is mainly in the Large Customers division and in the SFS division that you are seeing the biggest part of the increase of the cost basis. In the Large Customers division, it is of course the integration of RBC. And in the SFS business division, it is the full consolidation of Crédit Agricole Auto Bank.

Excluding the scope effect, the overall increase of the cost base would have been limited to around 5%, triggered mainly by HR costs with the full year effect of the general salary increases that were granted middle of 2023, plus the individual salary increases that have been granted beginning of this year as we do regularly.

Improved cost of risk

Coming on page 13 with an overall assessment of the cost of risk. This quarter, it is more or less stable as compared to the first quarter of 2023, and it is declining a little bit as compared to the average of the fourth quarter of 2023. It is a little bit down as compared especially to Q4 2023.

The cost of risk is concentrated as was the case last year on the Specialised Financial Services division, so consumer credit mainly, plus retail banking activities. We have even a loan loss provision reversal at the level of CACIB in the Large Customers division. And when it comes to CACF, so the consumer credit business, of course, there is also a scope effect because back in Q1 2023, we had not any cost of risk coming from Crédit Agricole Auto Bank, which is now the case.

When we look at the evolution of the cost of risk division by division on a quarterly basis, what we can see is that it is more or less stable or even slightly declining, which is notably the case for precisely the Consumer Credit division.

Highest-ever net income, strong growth in GOI excluding SRF

Going now on page 14, where we have an overall look of the evolution of the global P&L of Crédit Agricole SA. First point on the left-hand side of the page, you can see that all business divisions contributed positively to the overall increase of the bottom line. And this increase of the bottom line is plus 55% including, of course, the benefits of the ending of the contribution to the Single Resolution Fund, but again, plus 13.3% if we take out the benefit of the ending of this contribution.

And indeed, what we can see on the right-hand side of the page is that the gross operating income, excluding the contribution to the Single Resolution Fund, benefited from the sharp increase in the top line, close to €700 million of additional revenues. Taking into account another element that we have forgotten that last year we continued in Q1 to benefit from the remuneration of the mandatory reserves at the ECB, which is no longer the case now.

And facing this increase of close to €700 million of revenues, less than €350 million of additional costs, so a significant increase in the gross operating income, excluding Single Resolution Fund, plus 12.3%. The other elements are more minor. And this is leading to this sharp increase in the net income Group share, plus 13.3%, excluding Single Resolution Fund.

Good level of solvency

Solvency on page 15. For Crédit Agricole SA to start with, there is a stability of the solvency, 11.8% end of the quarter as was the case end of last year. It is the combination of a significant level of retained earnings plus quite high increase in the organic growth of the RWAs of the business lines, but I wanted to stress two points regarding this evolution.

The first one is that like every quarter when Crédit Agricole Assurances is not distributing its results to Crédit Agricole SA, the equity accounted value, the carrying value of Crédit Agricole Assurances increases, thus increasing the RWA consumption, plus €1.7 billion additional RWA. And so of course, every time we are going to upstream dividend, this is going to reduce.

And the second point is that at CACEIS, for many technical reasons, we are having a peak in RWA consumption, which is going to be largely reverted in over the coming quarters.

And then we have different bits and pieces amongst which we have another layer of IFRS 9 phasing in, for a cost of 5 bps and we have some other technical elements. So stability of the solvency at CASA at a level which is very comfortably above the target of 11%.

Strong capital position

When it comes to the Group, also stability with the same elements leading to this stable level of 17.5% of CET1 ratio, high level of retained earnings, significant organic growth of RWAs, including the elements I have just mentioned regarding CASA and some bits and pieces which are much more minor.

In addition to this very high level of Core Tier 1 solvency, which is above requirement by 780 bps, we have a leverage ratio, TLAC ratio and MREL ratio, which are very significantly above all requirements.

Strong liquidity position

Lastly, on liquidity. we continue to have a very solid liquidity position with LCR ratios very significantly above 100% and even very significantly above our target of 110%. We have had a new and further increase of the level of liquidity reserves despite the fact that we have repaid this quarter, €21 billion of TLTRO. It is almost the end of the TLTRO.

We still have less than €6 billion additional to go. And all the elements regarding the stability of our customer deposits and the solidity of our liquidity positions continue to behave very positively.

I will stop here in order to leave you enough time to ask your questions. But as a wrap-up of all these elements, I just wanted to summarise that by saying again that we are posting an excellent quarter in terms of results with the same trends as the ones we have been seeing in the last quarters and even in the last years, a steady growth, both organic and inorganic, a strong operational efficiency, a very good quality of assets. And so this is leading us, despite all the uncertainties of the environment, to foresee that we are going to reach by 2024 all the targets that we had initially set for 2025.

So I am going to stop here and leave you now the floor for your questions.

Q&A

Azzurra Guelfi (Citi): I have two questions. One is on the profitability target that you have given. You have already done almost €2 billion in the first quarter in terms of net profit. And you have a very good cost/income and you have the benefit of the acquisition to start to materialise in the second part of the year. I know you say above €2 billion, but does not it look a little bit conservative, given all these moving parts?

And maybe if you can comment on the French Retail NII as a second point? Because I see that you still expect some pressure on margin and the level of lending, it is still not increasing due to the monetary policy development. I will stick with these two.

Jérôme Grivet: I am sorry, Azzurra, the line was not very good. So I am guessing your questions, but I think I have understood what you were talking about.

First question is regarding the targeted net profit. You seem to think that €6 billion is too conservative. I would say that we are moving on this point because up to now, we are sticking to the idea that our only commitment was to reach €6 billion in 2025. And what we are now saying is that we are going to be above €6 billion already in 2024. So do not ask us to move too fast in too many directions at the same time. We are going to stick to this idea of being one year in advance with targets that were set back two years ago. And so I do not know exactly what will be the figure end of 2024, and we will see. There are still three quarters to go, and we know that there might be some headwinds potentially compensating the tailwinds that you were mentioning. So we have some headwinds. We know that the environment is uncertain. We know that we might continue to have some pressure on net interest margin, notably on French Retail, and this is leading to your second question.

We are also going to have some integration costs because all these operations that we are talking about are going to generate indeed additional revenues. But in the beginning, we have also to engage some integration costs. So all in all, we think it is reasonable, maybe conservative, but I leave you the responsibility of this qualification to just admit that we are going to reach the €6 billion plus as soon as 2024, and we are not going to modify this figure.

When it comes to French Retail and net interest income, what we are seeing is that Q1-on-Q1, the net interest margin is more or less stable. It is declining a little bit Q1 as compared to Q4. It is true. This is the combination of different elements. There is an absolute stability of the average yield of the loan book at LCL. So it is the same level in Q1 2024 and Q4 2023 for the loan book. And it is not improving, mainly because the production of new loans, which is supposed to progressively boost the average yield of the loan book, has been very, very subdued this quarter. So only a very low level of production of new loans. And so no significant contribution to the improvement of the yield, whereas at the same time, the average cost of customer liabilities increased slightly between again, Q4 2023 and Q1 2024 by a few bps only, but this is the effect of a continuation of this movement from sight deposits to term deposits, which is a little bit costly.

And then another element, which is technical, but it is not nothing. There was one day less in Q1 2024 than in Q4 2023. And then the last point is the fact that in the net interest income, you have also some bits and pieces of elements which are not directly targeting to customer deposits, customer liabilities and hedging, but which are linked to portfolio revenues or things

like that. And it happens that we have had quite high level in Q4 2023 and a lower level in Q1 2024.

So all these is indeed explaining why we have this slight decrease between those two quarters. And then when we foresee a little bit what can happen for the rest of the year, we continue to think that the average yield on the loan book should increase, and we hope very much that the production of new loans is going to accelerate progressively. We continue to hope that the biggest part of the swings or the shift inside the customer liabilities are now over, but we continue to monitor this situation very closely because it is all about customer behaviour, and it is not something which is completely scientific.

So all these elements tend to lead us to be prudent on the future evolution of NII at LCL. But I will end with this comment, which I made several times already. We are talking about 7% of the total revenues at CASA.

Giulia Aurora Miotto (Morgan Stanley): I will ask two. You are talking about record quarter in the one division, which did particularly well is large customers, and within that asset servicing. So I am wondering how do you expect the rest of the year to evolve here, especially once rates start coming down? Should we see the revenues grow because assets under administration and custody grow, or in fact, there will be some margin compression once rates start coming down?

And then secondly, on capital. Can I just ask if you can remind us for the rest of the year, what impacts do you have coming? I think I have the consolidation of Degroof and €4 billion of TRIM. Is there anything else which we should put on the radar?

Jérôme Grivet: Well, thank you, Giulia. For the first question on large customers, there is two different things: CACIB, CACEIS. CACIB, we all know that the first quarter of the year is generally the strongest quarter. So we all know that we should not multiply it by four the third quarter in order to try to best guess what would be the level of the results for the full year. So CACIB will continue to benefit from its strong positioning towards its customers from its very, very resilient business model, but we cannot exactly guess what would be the level of revenues, and it is not that much connected to the level of interest rates.

When it comes to CACEIS, it is true that, of course, net interest margin is important for CACEIS, especially if you consider that CACEIS is generating an average close to €100 million of cash that we are able to use with different maturities. So it is very important to assess what could be the yield of this cash, but also CACEIS is a business generating fees. And the fees are calculated on the basis of the assets under custody and the assets under administration.

And we hope that this is going to continue to grow with the progressive integration of RBC within our setup. The legal mergers are going to take place in the second quarter of the year. And then the rest of the year is going to be dedicated to IT migrations. And as IT migrations are going to take place, as customers are going to progressively migrate on the platforms of CACEIS, we are going to be able to start first to work on the cost base, and we are going to progressively see the benefits of the cost synergies.

And second, of course, we expect some additional revenues on those customers because as they are going to be migrated in our IT platforms, we are going to be able to enhance the

offer of products and services that we propose to them. So going forward, when it comes to CACEIS, we expect the profitability to continue to progress over time.

When it comes to capital and capital headwinds, yes, indeed, there is the integration of Degroof that is going to take place. It is around 25 to 30 bps that probably will have to be booked end of Q2 or beginning of Q3. It is not completely clear yet when the closing of the operation can be performed, but it is around that.

And then we have TRIM, as you have rightly mentioned. And again, I am sorry if I am not very precise but it could take place either this year or possibly, and this is what we want to do, and we want to achieve possibly in 2025 alongside with the rest of the Basel IV transition.

Then we have also in 2025, another 5 bps of the phasing out of IFRS 9. We have the acquisition of Alpha Associates by Amundi that was closed beginning of Q2, and that will cost us around 6 bps of solvency at the level of CASA. And then it is almost all.

And again, I want to reiterate on the fact that overall, our best assumption as of today is that when we enter into Basel IV beginning of 2025, it is going to be globally neutral for Crédit Agricole SA, i.e., the negative elements like the consolidation of the leasing businesses that are not prudentially consolidated for now is going to be absorbed within the overall neutral effect of the transition to Basel IV.

Giulia Aurora Miotto: Very clear. And just to clarify the TRIM, also that will be part of the neutral Basel IV impact?

Jérôme Grivet: Yes.

Guillaume Tiberghien (Exane BNP Paribas): Number one question is on your target. So, I understand that we would not have any more information for 2024. But obviously, your 2025 is now outdated. So how can you help us understand 2025 better?

And then the second question is on the international retail excl. Italy. It seems to have been particularly strong this quarter. So, I was just trying to understand whether it is a new normal or whether it is something of lumpy form?

And just one clarification on the previous question. Did you say that TRIM is included in the zero impact for Basel IV? And does that include also the on-site inspections?

Jérôme Grivet: So again, TRIM is included in the neutral Basel IV impact. So either we have to take it in 2024, so it is going to be a hike in RWA consumption in 2024 and then a reduction in 2025, or this is going to be integrated directly with the transition to Basel IV in 2025, so without any effect. Again, it is a rough assumption that it is going to be neutral. But globally, it is going to be that.

Target for 2025, I am going to disappoint you a little bit. I think that we will not have any target for 2025. And my best guess is that probably we will have at a certain point in time, I do not know exactly when, to set new targets for a longer horizon, probably 2027 or 2028, and this is going to take place between now, and let us say, one-year time, I would say.

Last point on international retail, excluding Italy, it is particularly strong. It is true. But actually, there is nothing exceptional per se. What is exceptional is the multiplication by four of the level of net profit because back one year ago, it was a low level of profit. But in terms of overall profitability in the context of those three entities, which are very different from each

other, but with a common characteristic, which is a very high level of interest rates in those three countries and a very high liquidity position of our banks in those three countries, it is absolutely normal that we generate a high level of profitability in those circumstances.

So there is nothing abnormal in the level of profitability that we are having now, again, considering the level of rates and the level of liquidity of those three banks.

Stefan Stalmann (Autonomous Research): I had two questions, please. So, the first one is on slide six. You mentioned a NIM ceiling for CA Italia. Could you maybe explain what you mean by that?

And the second question is relating to slide 13. If I look at the cost of risk development at LCL, it seems to be trending slightly up, not dramatically but from 15 basis points to 21. While at the regional banks, it has actually remained remarkably stable at around 19. Is there anything to see there? Is there a reason for this divergence, or is it just randomness within a relatively narrow range of outcomes?

Jérôme Grivet: Let me start with the second question, Stefan. It is true that there is an increase this quarter of the cost of risk at LCL, but it is very, very much linked to what you were saying, i.e., some random effect on a smaller basis than the aggregation of all regional banks.

And maybe another element that is playing also a small role, which is the fact that, generally, the regional banks have a much higher level of IFRS 9 provisions and maybe more capacities to absorb cost of incurred losses by writing back some IFRS 9 provisions, where at LCL, we have a very, very decent level of IFRS 9 provisions, but not with the same magnitude for the regional bank.

So nothing is significant at LCL, some specific files this quarter, which do not have any characteristics of being systematic or systemic, and some differences between the regional banks and LCL in terms of capacity to build up IFRS 9 provisions historically.

Then, when it comes to Crédit Agricole Italia and what we foresee in terms of evolution of the net interest margin, what we are seeing is that even if our retail activities in Italy are not exactly similar to the other Italian banks because we partially, I would say, injected in the commercial policies of Crédit Agricole Italia, some of the characteristics that we are using in France in terms of providing some fixed rate loans to our customers. Nevertheless, we know that the Italian market is much more directed by the evolution of rates than the French market, for example. And if we foresee, which is our case, that the ECB is going to start cutting its rates in June and will probably continue in the fall, this will certainly have an effect on the net interest margin at Crédit Agricole Italia, all things being equal, by progressively reducing a little bit the yield on the loan book. So, this is what we are expressing with this element.

Jacques-Henri Gaulard (Kepler Cheuvreux): I had two questions. The first is, it is quite obvious now for several quarters, you have a step change in profitability, which is great. So, is not there a temptation or a possibility for the regional banks to actually reduce their stake in CASA, considering that everything being equal, they would probably get the same amount of dividend? And that would improve your liquidity in light of two of your competitors in France not being in the best of shape right now. That is the first question.

And the second is on acquisitions. Obviously, you have done a lot. So, I was wondering if you felt that you would have a bit of integration to do, it is true that you do, and considering the distraction that always entails, you are going to stop a little bit to do them? Or if you find the opportunity you are going to keep doing them?

Jérôme Grivet: Well, for the time being, the regional banks are more in an acquisitive mode than in a selling mode. You may have seen that back in 2022, they have announced that they wanted to buy €1 billion shares and they did it. And they repeated the same stance back end of 2023, and we will probably announce in the coming days the result of the second share purchase programme.

So, I am not hearing anything leading me to think that they could sell some shares. But definitely, this is a question that should be asked to them. We are only the object in this regard.

When it comes to acquisition, it is true that we have been quite acquisitive lately. We are very, very wary of this integration risk that you are referring to. And what we are watching very carefully is the capacity of each business line to properly integrate what they acquire. So it means that we try to avoid the same management team to be involved in too many integrations at the same time.

Of course, all management teams do not have the same level of experience from this point of view. And when it comes to Amundi, for example, they have engaged in the last 15 years in a series of acquisitions that were integrated properly. And so we have no doubt that they have the capacity to continue to make acquisitions. In addition to that, they are buying Alpha Associates. But when it comes to the transaction that they have announced in the US, Amundi is not going to be in the front line for the integration.

This is Victory Capital that will have to integrate Amundi US operations in its own setup. So, I would say, Amundi is relatively free and has a lot of capacity to engage into new operations if some new operations were to arise.

And when it comes to the other businesses, it is true that when we validate an acquisition at our level, at Crédit Agricole SA, we take into account the actual capacity of the business to properly integrate.

Sharath Kumar Ramanathan (Deutsche Bank): I have a couple. Firstly, on Specialised Financial Services. I wanted to understand the reasons for the weakness in a bit more detail. So today, your ROE is at 10%, and you are hoping for a step up to greater than 15% in the near term. So I wanted to understand how much of this is hinged on rate cuts and recovery in loan demand. So that is the first one.

And second, just a couple of very small clarifications. Firstly, on Amundi acquiring a minority stake in Victory Capital, would this also have a penalising impact from a capital standpoint, given that Amundi is only acquiring a 26% stake?

And the second follow-up is on Corporate Centre. Do we expect a continuous volatility for revaluing your minority stakes in Banco BPM and Worldline going forward?

Jérôme Grivet: Thank you for those questions, which are, of course, very relevant. Starting with Specialised Financial Services division, it is clear that in the last four, five quarters, we have seen a decrease in the average level of margins that we have on the outstandings. It is

the combination of a sharp increase in refinancing costs and an only progressive capacity to re-pass to the customers this increasing refinancing costs, considering either regulatory reasons like usury rate in France or competition reasons like the fact that we are in competitive markets, and we need to adjust progressively only when we have to increase the rates for new loans for customers.

The good news is that since now at least two quarters, the margins on the new production are sharply increasing. And we have given some figures on page 25 of the deck. The average customer rate has increased by 23 bps between Q4 and Q1. And considering that, at the same time, refinancing costs reduced significantly, actually, the production margin improved by more than 50 bps. So, of course, this is going to fuel only progressively into the P&L because we need to see new loans replacing old loans. But definitely, this is going to generate some positive effects on the net interest income of CACF in the second half of this year, definitely.

So I am quite optimistic in the capacity of CACF to improve its level of revenues in the second half of the year.

Victory Capital. It is not, for the time being, very clear, the impact in terms of solvency for Crédit Agricole SA, but it is going definitely to be very, very tiny, very limited. So, we are not able to disclose precisely what is going to happen, but it is not going to have a significant impact definitely at our level.

And last point, when it comes to the Corporate Centre and the impact of the revaluation of Banco BPM stakes. Well, for many reasons, this equity stake is accounted for against through fair value against the P&L. And this is a choice that we have done in the beginning, and this is not a choice that can be modified. So of course, this may trigger some volatility.

As of now, we do not think that we are exposed to any risk of a sharp decrease in the stock price. And in addition to that, we have understood that BPM intends to be quite generous in terms of dividend. And of course, every time they pay a dividend, this is a complementary element of revenue for us that is lowering with the same proportion, the reference price.

So up to now, even if potentially there is some volatility, we do not see any significant risks for us coming from this stage.

Pierre Chedeville (CIC): Two questions on my side. First, regarding the figures on protection, which are really impressive for individuals but also for companies. I was wondering if this impressive increase in the premiums, 15%, 22% as far as I remember, were due to something specific in the global market, or if it was due to specific commercial actions from your part? Because these figures are really impressive compared to competitors.

My second question is related to the cost of risk. I was wondering if the cost of risk this quarter has been impacted by some specific files as some other banks mentioned, or if it is a day-to-day, I would say, a casual work at cost of risk this quarter?

Jérôme Grivet: Thank you, Pierre. On protection, this is a strategy that we are following since now many, many years. We think that both individual protection policies, death and disability and group protection policies are really part of the offer that we want to propose to our customers. And so we are offering permanently these products and services. And I

would say that the figures that you are seeing, 15% for individual policies and 22% for Group policies, represent all the commercial efforts that we are putting on this aspect.

As far as group policies are concerned, keep in mind that it is relatively new as compared to individual policies because this was launched only back in 2015. And so we continue actually to ramp up the portfolio and we continue to develop the activity with progressive extension of the distribution setup. So it is absolutely normal, nothing exceptional from this point of view.

Cost of risk this quarter, it is clear, and I think we have said it somewhere that we have been exposed as some other banks to some, I would say, specific files, that we are not going to designate precisely. And this is part of the life of a big banking group like us.

Pierre Chedeville: So we can imagine that the cost of risk could decrease in the coming quarters ?

Jérôme Grivet: Depending on the evolution of the asset quality, but you can see that, for example, for CACF, the highest point has been reached back in Q2 2023, and it is now progressively declining. So there is a possibility that we see some further decline.

But again, the cost of risk at the end of the quarter is what it should be, considering what happened on the quarter.

Sam Moran-Smyth (Barclays): I have got two questions on the outlook for demand, please. So, slide 63 showing the average production over time is really helpful. Q1 at historical low for both LCL and the regional banks. My first question is on when you might expect that curve to start turning around. And I am just wondering about how to think about any lasting impacts of the usury rate caps at the start of last year? Is there pent-up demand from consumers who were previously shut out of the market? Or are perhaps customers are still just normalising to the higher rates that eventually came through?

And then second question, another business impacted by usury rates. I am just wondering when you expect the consumer credit business to see a full recovery. I understand the P&L is growing anyway from scope effects, but when would you expect those underlying numbers to pick up again?

Jérôme Grivet: On retail activities, we are no longer impacted by the usury rate actually. The sharp increase in customer rates took place back in 2023. And for the whole of 2023, every month we were struggling to wait for the next month in order to be able to adapt the pricing of new loans to a higher usury rate level. But since the beginning of this year is no longer the case. And actually, we are seeing to a certain extent a slight decrease in the level of rate on the market for new loans.

So usury rate is no longer an issue. What is an issue in terms of production of new loans is simply the fact that the customers are in a wait-and-see mode that has been initially triggered by the monetary policy and by the sharp increase in rate but which has now migrated a little bit, I would say, on some expectations of further decline on the price for properties.

And actually, if you are willing to buy a property but you expect that if you wait another three months the price could be lower, this could lead you to wait for another quarter. So, this is the situation where we stand now, especially in France. And so this explains why the pickup of the production for new loans has not taken place yet.

But we expect this to take place probably somewhere in the middle of this year, and we see some green shoots, very tiny green shoots with an increased number of inquiries of customers asking what would be the rate that we could offer to them if they were to engage into a loan.

Second point on consumer credit. As I have said, we expect the benefits of this increase in the margin for new loans to be seen starting in H2 this year. So probably Q2 is going to be, again, a little bit subdued in terms of overall margin on the outstandings. But progressively and possibly in H2 this year, we are going to see the first benefits of the increase in margins on new loans.

Anke Reingen (RBC): I just had a question on wealth management. You say in the slides, you delivered the highest quarter ever. And I am just trying to understand is it just market driven, or are there any structural changes? And now the Petercam coming in the course of the year, Degroof Petercam, is it like a bolt-on idea with an opportunistic *[approach]*, given an asset was available? Is this an area where we could sort of think about you're going to expand further and build out and look for opportunities?

Jérôme Grivet: Okay. So in terms of revenues, it has been a very good quarter first because commercially, it has been a good quarter. And you can see that inflows were quite significant, close to €1.5 billion of net new inflows, plus a very positive market effect. So all in all, the basis on which we had commissioned this quarter on wealth management has been quite significantly higher.

Second point, there has been also a good level of activity from the customers, so generating a good level of transaction fees. But the starting point is that commercially, we have had a good quarter.

When it comes to potential other acquisitions on this business division, just keep in mind that they still have to integrate properly Degroof Petercam. So, I think for the time being, we are not going to see significant acquisitions in this business division, because, again, they must be dedicated to properly integrate the very important acquisition that was signed last year and you can see on page 22 of our documents that this is going to generate some significant costs up to the end of this year, around €50 million. But we are targeting a very, very significant improvement of the net profit of that division because we are targeting an additional €150 million to €200 million of additional profits.

Chris Hallam (Goldman Sachs): Yes. I just have one question left. And sorry, Jérôme, it is back the 7% of Group revenues. But just on home loan production in the quarter, the negative momentum that you talked about, how does that compare to the market? It seems like you may be slowing production more than the market. But at the same time, you are also lifting your group profit guidance for this year. So, I just wonder whether there has been a deliberate decision from CASA to prioritise pricing over volume essentially because the good momentum you have elsewhere in the Group means you do not need to go out and chase mortgage demand. Just wondered if you can really comment on that.

Jérôme Grivet: Not at all. And definitely, within the Group the idea that we could deliberately slow down the level of commercial activity for, I would say, purely financial reason is not really part of our behaviour. So I think the comparison is a little bit adverse to us in terms of evolution Q1-on-Q1 simply because on Q1 2023, the other banks outside the

Group were almost stopped and especially some big national networks were almost stopped in terms of distributing new home loans.

And so the basis of comparison for them is not very demanding, whereas for us, actually, we have continued to lend during 2023. And so there is a more demanding comparison basis. But if you assess the market shares of the different groups, you could see that end of Q1 this year, the global market share of Crédit Agricole Group is probably at its peak in terms of home loans, outstanding home loans. So definitely no arbitrage from our side.

Well, I understand it was the last question. Thank all of you. Have a good afternoon.

[END OF TRANSCRIPT]