



Crédit Agricole Q3 & Nine Months 2024 Results

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Key Messages & Figures

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Very good quarter, confirmation of the target income for 2024

Good morning, everyone. I am happy to share with you the results that we are publishing this morning. Again, we are publishing very good results on the third quarter of 2024. And to put it in a nutshell, they are very close to the results we have posted for the second quarter of the same year.

The net profit at Crédit Agricole SA for the first nine months of the year stands at €5.4 billion, and it is €1.7 billion for the third quarter only. It is apparently down around 4.7% Q3 on Q3. But restated from a reversal of home purchase savings plan provisions that we had booked and commented last year, actually, the net profit of Crédit Agricole SA this quarter is up 8.2%.

In addition to that, we can mention the fact that for the first nine months of the year, we continue to have a very good cost/income ratio, 54.4%; a return on tangible equity, which continues to be comfortably above the target of 12% at 14.5%. And the last point on this first page, we have a CET1 ratio, which is up 10 bps at 11.7%.

Key figures

On the following page, page five, you have the main figures both for the Group and for Crédit Agricole SA. Maybe just a few comments simply on the first nine months of the year for the Group.

Net profit is stable for the first nine months of the year, but actually, again, restated from this specific reversal of provision that we had booked last year, the net profit is up around 4% for the Group on the first nine months of the year.

When it comes to Crédit Agricole SA, again, restated from the same element, the net profit on the first nine months would have been up 12.2%.

Maybe just two additional elements on this page, the cost of risk, and we will comment it a little bit more in detail later in the presentation, but it is more or less stable at a moderate level, both for the Group and for Crédit Agricole SA. And then last point, the CET1 ratio for the Group is also up 10 bps on the quarter at 17.4%.

Sustained activity in all business lines

On page six, some elements regarding the activity of the quarter, to, again, summarise very shortly what happened in the quarter. We can say that we continue to demonstrate the efficiency of our model. The development of the customer basis of all the regional banks and all the retail banks of the Group is fuelling and continues to fuel the growth of the business lines. The growth and the development of the business lines is also fuelling the attractiveness of the retail banks of the Group, thus enhancing further the customer capture. And this quarter, again, we have managed to attract close to 500,000 new customers in the different retail banks of the Group in Europe, with the net increase of the customer base by more than 100,000 customers.

The development of the retail related activities was quite solid in the quarter. And maybe we can mention the fact that home loans start to rebound in France, with a significant increase both for the regional banks and for LCL in Q3 as compared to Q2.

When it comes to the large customers' activities, CIB, Asset Management, and also Insurance, it has been a very strong quarter of activity in the third quarter of this year. And amongst the different elements I can name, we can mention the fact that Amundi is reaching again a record level of assets under management. There has been also a record level of revenues at CACIB. And the assets administered by CACEIS continues to be up this quarter.

Revenues

High level of revenues, sharply up in underlying vision

If I dig a little bit on the revenues on page eight. Let me start with the left-hand side bar chart of the page. The underlying revenues are up 7% on the quarter, plus €425 million. And if we analyse a little bit the way it has been performed by the different business lines, we can mention that on the asset gathering activities, it is sharply up, plus €214 million. Of course, it benefits from the integration of Degroof Petercam within Indosuez.

But nevertheless, you have seen that Amundi is posting a strong increase in its revenues. You have seen the publication of Amundi last week. It is only the insurance activities, and maybe we will answer questions on this point, that have more or less stable revenues on this quarter, despite the fact that Crédit Agricole Assurance is posting a sharp increase in its bottom line, for some technical reasons we can detail.

On the large customers activities, both CACIB and CACEIS are posting a sharp increase in their revenues, no scope effect this quarter. And so the increase of €166 million in the top line is only organic.

In the Specialised Financial Services division, it is more or less stable for the quarter. It is linked to the fact that within Crédit Agricole Personal Finance and Mobility, we continue to lag a little bit in terms of margin after the sharp increase in rates back last year and also end of 2022. You know that it has been a little bit long before we were able to pass to the customers this increase in refinancing rates. So the margin for the new loans continue to improve, but it is not completely the case for the margin on globally, the whole outstanding.

In Retail Banking activities, apparently a small decrease in the level of revenues, minus €36 million. But actually restated from the reversal of home purchase savings plan provision at LCL of €52 million, it is globally slightly up for the division, which is a combination of revenues up at LCL, revenues up at the international retail banking entities outside Italia, and a slight decrease within Crédit Agricole Italia in connection with the decrease in market rate.

And then lastly, the Corporate Centre, apparently a sharp decrease in the level of revenues, minus €187 million. But actually also here we have this base effect in connection with the home purchase savings plan provision reversal, which was €230 million back last year. So it means that restated from this element, revenues at the Corporate Centre are significantly up.

On the right-hand side of this page, you can see that we continue to post a sharp increase in revenues Q3 after Q3. And over the course of the last seven years, it is an increase by around 40% that we have been able to post.

Expenses

Support for business lines' development, low cost/income ratio at 54.4% (9M-24)

On the following page, a little zoom on the cost line. If we look at the evolution of the underlying cost line on the bar chart on the left-hand side of the page, you see a significant decrease, plus 8.2%. But what you see on the analysis provided on the right-hand side of the page is that you have to deduct three significant elements from this increase in order to assess the recurring evolution of the cost line.

The first element is clearly the scope effect in connection with integration of Degroof Petercam. It is an additional cost base of €112 million that is sitting within Indosuez this quarter. The second element is that both at Indosuez and also at CACEIS, we have some integration costs that are specific to this period of integration and that are not going to stand forever within our cost base, around €30 million.

The last point is that last year we had also a positive one-off in the cost line, which was the reversal of bank levy in the UK for €30 million.

Outside these three elements, the evolution of the recurring cost base is only up €141 million over the quarter. It is an increase of 4.1%. And interestingly, it is a significant deceleration as compared to the same recurring increase that we have posted in the second quarter of this year, which was at 5.7%.

Risks

Cost of risk stable overall

On page 10, some elements on the cost of risk for Crédit Agricole SA. The overall level of the cost of risk is very stable, both compared to Q3 2023 and also to Q2 2024, even slightly down as compared to Q2 2024. This is, of course, the combination of different evolutions and different levels of cost of risk in the different business lines.

To really summarise, what we can say is that, at CACIB, the cost of risk continues to be stable at a very, very low level, around €15 million of net cost of risk at CACIB. The cost of risk is also stable at a higher level, of course, within the Specialised Financial Services division, especially in the consumer credit business line. But in terms of bps compared to the outstanding, it continues to slightly decrease.

The cost of risk is a little bit up at LCL, both in absolute numbers and also in terms of bps as compared to the outstandings. And you would see the same type of evolution within the regional banks. It means that in retail banking activities in France, especially for self-employed professionals and SMEs, we are continuing to see a slight increase in the cost of risk with an overall level which continues to be, again, moderate compared to what we could have had back several years ago.

And then in the international retail banking activities, the cost of risk is down quite significantly this quarter again. It is very much the case in Italy, and it is also the case in the other international retail banking entities with, amongst other elements, the reversal of provision at Crédit Agricole Ukraine.

In terms of NPL ratios, we continue to have a stable and low NPL ratio at CASA, 2.5%, and even more at Group level, 2.2%. Coverage ratios continue to be very high, above 70% at CASA and above 80% at Group level.

Results

Very good quarterly results

Overall, and you will see that on page 11, we are posting, again, very good results on this quarter. Net profit is up 10.9% on an underlying basis. This is what you can see on the left-hand side of the page, with a net profit up in most business lines, especially we stated from the home purchase saving plan provision reversal of last year. It is the case for the Asset Gathering division quite significantly. It is also the case for the Large Customers division.

Net profit is more or less stable in the Specialised Financial Services division. And in retail banking activities, if you restate from the home purchase saving plan provision reversal, plus a specific element at Crédit Agricole Ukraine, which is the fact that the corporate tax rate has been increased in this country, and we are, one-off this quarter, complementing the corporate tax provision since the beginning of the year for an amount of €40 million.

This explains most of the apparent decrease of the net profit of the Retail Banking division. All in all, significant increase in the underlying net profit, and spread amongst most of the business lines.

On the right-hand side of the page, what you can see is that, excluding the home purchase savings plan provision reversal from 2023, we are posting a gross operating income, which is up a little bit more than €100 million. Again, this net profit up €126 million, plus 8.2%, again, excluding this element. All in all, good level of profitability, and we continue to grow this level of profitability.

Strong financial position – Crédit Agricole SA

Good level of solvency

On page 12, some elements regarding the solvency, starting with CASA. As I told you, the solvency ratio, CET1 ratio is up 10 bps this quarter. Actually, it is a little bit more than 10 bps, close to 15 bps, but the rounding effect is leading to this 10 bps indication.

Retained result is high, 19 bps of retained result solvency effect, despite an additional reserve for the distribution of dividend of €0.25 this quarter. So we have now €0.83 of dividend accrued in our books at the end of this third quarter.

The organic growth of the business line generates a consumption of solvency of 14 bps, but amongst that, I have to mention that there is an increase of 5 bps in connection to the increase in the carrying value of the insurance activities which did not upstream any dividend element this quarter.

So, of course, you know that every time the insurance activities are upstreaming a dividend, it is reducing the carrying value and it is generating a significant reduction in the RWA consumption. And then we have this quarter, some positive elements regarding OCI and other methodological elements.

So this is leading to this 11.7% CET1 ratio at CASA level, plus 3.1 percentage points above the regulatory requirements.

Very high capital

And at Group level, we have on the following page a CET1 ratio which stands at 17.4%, again, up 10 bps. And we have more or less the same elements explaining this improvement with a high level of retained results.

A quite high level of organic growth of the RWA consumption by the business lines. Also this element regarding the insurance activities, plus the fact that both at the level of the regional banks and LCL, we have an increase in the corporate segment of the RWA consumption in connection with some down ratings of some counterparts, which is, of course, perfectly correlated with what I said about the cost of risk.

The other solvency ratios, be it the leverage ratio, TLAC or MREL, are comfortably also above the requirements.

Strong liquidity position

On the following page, page 14, we have some elements regarding the liquidity position of the Group. The liquidity reserves continue to be very high, and there is a non-significant reduction of €12 billion, at the level of €466 billion of liquidity reserves is definitely significantly above our target of steering of this liquidity position.

And the different ratios that we publish, both LCR and NSFR, at both levels of CASA and the Group, continues to be very significantly above our targets. We still have a tiny €700 million of TLTRO to repay, but it is absolutely non-significant.

And when it comes to customer deposits, on the right-hand side of this page, the same comment that I did on the last quarter can be also made, which is that we are seeing a stabilisation of the overall level of customer deposits, and also, which is even better for the average cost of our customer liabilities, we are seeing a stabilisation also of the breakdown of the different customer deposits between the different categories.

Income statement

On the following page, page 15, you have the more detailed income statement for Crédit Agricole SA. I think I will not comment this detailed P&L in the initial presentation, but of course, happy to answer questions, if any.

And maybe before concluding this introduction, some elements regarding our continuous support of the energy transition with new climate commitments that have been announced by Crédit Agricole Assurance, with an interesting element, which we comment today, which is the fact that we have entered into an agreement with the Caisse des Dépôts in France. You know that we have to centralise the Caisse des Dépôts, a significant part of the regulatory savings accounts that we collect to the Caisse des Dépôts. And the Caisse des Dépôts has agreed to transfer back to us some liquidity collected on our regulated savings accounts, with the condition, of course, that we finance green loans, green projects with these amounts.

So we have entered this agreement. And the Caisse des Dépôts is committed to upstream to us a little bit more than €5 billion of liquidity in this scheme in the course of this year and next year. And then we provide also an update on the different KPIs that we follow in terms of the increase of the financing that we provide to the energy transition.

I will conclude this initial presentation simply by reiterating the fact that we confirm, helped by these good results of the third quarter of this year, that we are going to reach, as soon as the

end of this year, all the financial targets that we were initially pursuing for 2025. So amongst other elements, the target of being above €6 billion of net profit in 2024, as soon as 2024.

Thank you again, and I think we can now go to your questions.

Q&A

Giulia Aurora Miotto (Morgan Stanley): My first question goes to the French budget, the increase in taxes. I think Crédit Agricole makes about 40% of its income in France. What sort of impact do you expect? So is this correct? And what sort of impact do you expect coming from the increased corporate tax? That is the first question.

And then secondly, more to the business. So insurance. Insurance was a bit volatile this quarter due to crop insurance impacts, if I understand it correctly, on a revenue basis. So how much can we extrapolate from that? I mean, given the climate change, maybe that is something that continues.

And on a profit before tax, maybe, basis, does your usual guidance of mid-single-digit growth stand? Or how do you see the earnings evolving in insurance?

Jérôme Grivet: Thank you, Giulia. Two important questions, indeed. First question regarding this additional corporate tax elements that the French government is targeting, both for 2024 and 2025, if we understand correctly, with a rate that would be maximum in 2024 and then a reduction in 2025.

So it is a little bit difficult to answer precisely your question about the impact. First, because we don't know exactly the rules. Second, because we don't know exactly what is going to be our taxable result basis for the full year of 2024. And especially in the context, where actually we have different French taxpayers in the Group, because some subsidiaries of Crédit Agricole SA are not integrated in our French tax group, because we do not own more than, I think, the threshold is 90% of them.

It is the case for Amundi on the one hand, and I think that Amundi has provided some guidance last week about the possible impact for them. And it is also the case for CACEIS, which has a significant tax basis in France, but it is not part of the tax group, because we own only 70% of CACEIS.

When it comes to the tax group, which gathers together CASA, the 100% subsidiaries, plus also the regional banks, which are outside the listed vehicle, but they are in the same tax group. Just as a reminder, back in 2017, where the same type of mechanism was put in place, I think the total extra charge that we had to pay, but it was split between the regional banks and Crédit Agricole SA, was around €300 million. So I am not saying that this is going to be the same amount, because many things have changed. But just for you to have an idea, tax group of Crédit Agricole in France has paid around €300 million back in 2017. And it was split between the regional banks and Crédit Agricole SA and some of its subsidiaries. So that is the best answer I can provide you on this first topic.

When it comes to insurance, again, we know that IFRS 17 did not help a lot in terms of providing clarity and a clear relationship between the economic evolution of the business and the different numbers, especially if we look only at the top line.

When you look at the bottom line of Crédit Agricole Assurance, what you can see is that on the quarter, we are posting an increase of the net profit, which is a plus 16%. And for the first nine months of the year, it is plus 11%. So absolutely no worry from a net profit point of view.

But then, of course, you have ups and downs in the different lines of the P&L. And we have had, I understand, questions this morning, and the teams are ready to give as much clarity as possible.

On the top line, revenue line, some negative impacts. The first one is that, indeed, the P&C activities globally, in connection with crop insurance, posted a decrease in their contribution to the revenues this quarter, because of some negative events and claims this quarter in excess of what we had back one year ago. That is one point. And this can be volatile.

But on this element, I would say that, of course, we think that considering the climate change, the level of claims can increase going forward. But at the same time, of course, year after year, we are going to align the pricing in connection with the level of claims that we will have to manage each year. So definitely, this is going to lead to two types of consequences, an increase in the level of premiums, and possibly also an increase in the level of claims. But normally, economically, this should not change too much the profitability of the business over time.

Then we have had a second element, which is very technical, which does not have anything to do with the evolution of the business. In its financial structure, Crédit Agricole Assurance is progressively switching from AT1 debt that is issued on the market to Tier 2 debt. And it happens that the AT1 coupons are accounted for on the minority interest line, whereas the Tier 2 coupons are deducted actually from the revenue line.

So this is a progressive shift. You will see, over time, a decrease in the cost of the minority interest. And you will see with the same magnitude, a slight impact on the revenue line.

In addition to that, every time there is a call on an AT1, there might be some lump sum that has to be paid in the minority interest line. And so this is why this quarter, we have an impact on the revenue line without having a benefit on the minority interest line. So we are not talking about massive amounts. But nevertheless, over time, this can represent some, let us say, €15 million as a run rate on both lines.

Then the last point, which is that we are progressively tuning the level of CSM allocation that we fuel into the P&L. And we have been reducing a little bit the level of CSM allocation. For the full year 2023, I think the CSM allocation rate was around 8.5%. And for the first nine months of 2024, we are a little bit below 8%. So this is not massive. This is rather technical, I would say. It has a consequence, which is another significant increase in the level of CSM that we continue to keep to fuel the future profits and revenues. But this is also generating a slight impact on the top line.

Then the last point, you know that within the management of the assets of Crédit Agricole Assurance, from time to time, we are able to materialise some capital gains, which may be impacted by a lower corporate tax rate than the average corporate tax rate. So this is why we have less corporate tax in the P&L of Crédit Agricole Assurance this quarter, but also less revenues, both being connected.

So this is the explanation why the top line is slightly down, but we are talking about minus 1.2% over the quarter. And we are still up 5.5% over the first nine months. And at the end of

the day, what is important is, of course, the contribution of the business to the net profit of Crédit Agricole SA. And this continues to be up. And again, the guidance that we have provided, as long as the business continues to be positive, is clearly to go alongside with the evolution of the business.

Giulia Aurora Miotto: Just a clarification on the first, the tax, the €300 million that you quoted for 2017. We can take that, I mean, as the worst case scenario, and it will be lower because that was split with the Caisse Régionales, I guess.

Jérôme Grivet: Yes. And again, it is going to be split with the Caisse Régionales, because the Caisse Régionales RWAs is reported and so they are contributing to this surcharging tax.

Guillaume Tiberghien (BNP Paribas): Number one is on the insurance again. So you used to guide us for around 5% net profit growth. So should we like in the past forget the revenue volatility and just put 5% profit growth? The second element, back to the tax. I can understand that in 2017, you paid €300 million more, but your PBT this year is going to be like 50% or 60%. I am not asking you to confirm that 50% or 60%, but the order of magnitude versus 2017. So should we actually grow by a similar amount the tax that you are going to pay?

And then a final clarification, if you do not mind. The RWA of LCL seem to have increased by €1.6 billion this quarter on hardly any loan growth and loan growth was mostly on mortgages. Is there any change in model? And if so, is it going to be material going forward, or is it just a one-off adjustment?

Jérôme Grivet: RWA at LCL, the explanation is mostly the fact that part of their corporate exposure, and when I say corporate, it includes, of course, the SMEs, has been downgraded in our internal model. So this is generating a surcharge in RWAs. So this is a normal volatility. And when the economic situation is getting a little worse, it is absolutely normal that we see some increase in the level of RWA without any evolution in the level of outstanding simply because of this downgrading. So we do not expect the same amount of increase every quarter, but clearly this is in connection with what we see in terms of overall soundness of this segment of customers. And you have the same evolution within the regional banks, actually, with a more important number because of the size of the portfolio of the regional banks.

When it comes to the tax, the surcharge in the corporate tax in France, it is true that the overall profit of the Group has significantly increased as compared to 2017. But nevertheless, I can guide you to the fact that a significant proportion of this increase was probably not linked to French-based activities.

And then when it comes to insurance, again, my guidance is that the net profit is going to grow alongside with the overall volume of business. So 5% is probably a decent guidance on the medium to long term. It can be higher in a more specific period.

And actually, what you have seen this year is that we are significantly above this 5%. And again, this year, we have generated a higher pace of increase of the business with significant net inflows in savings and retirement businesses, and P&C activities that were significantly up also in terms of new contracts, new policies, and volume of premium.

Tarik El Mejjad (Bank of America): Just two questions for me, please. I will take a small step back and look at your profitability in nine months, close to 15% or 14.5%. I do not expect any major headwind before actually quite the opposite with some businesses turning the corner

and growing faster. So why not actually looking more constructive in terms of outlook? I mean, we are not asking for a new plan, but actually, you brought forward the full year above €6 billion net profit pre-AT1 from 2025 to 2024. That was last quarter. But I mean, what prevents you at this stage to be more constructive on this?

And then the second question is on the M&A. We have been quite eventful today in all aspects, but on the consolidation part, are you now more disposed to contemplate some larger opportunities in Italy? I think it is fair to say that the Golden Power Rules in Italy are difficult to be enforced, given how government was vocal on supporting a deal in Germany for UniCredit. Is that an opportunity for you, to contemplate?

Now CreVal is, I think, digested, and you have never been hiding your ambitions in Italy. So any comments in there would be very useful.

Jérôme Grivet: Thank you, Tarik. When it comes to what we can say regarding the level of profitability that we target for the full year of 2024, we are not going to change the target. We are close to the middle of November. What would be the point in saying that instead of €6 billion plus, we are targeting, I do not know, whatever number.

So what we say is that we are going to be above €6 billion. What we can say is that this is going to be despite this corporate tax surcharge in France, which is another element that we had not in mind probably back three months ago. But I think there is no point in trying to be more precise. And again, for many reasons, we will need somewhere in 2025 to elaborate new medium-term targets. And this is going to be the time when we are going to set new targets and provide new guidance. I think there is no point in trying to accelerate the calendar.

When it comes to M&A, we never comment specific situations. So I am not going to give you comments on what type of initiative we can or cannot take in different countries, in different geographies, in different entities. It is clear that Italy is a very important market for us. It is clear that in Italy, we have a setup which is very, very comprehensive, very significant. We have many options. So we are permanently assessing the situation and trying to see what is relevant for us. But clearly, I am not going to say in advance what I want to do. I prefer to comment what I did.

Flora Bocahut (Barclays): The first question is on LCL, where you had a small gain in private equity in Q2 in the NII. And I think this quarter, you seem to mention in the slide pack the positive extraordinary effect from the revaluation of an equity investment. So I was just wondering if you could quantify so we have a better understanding of the move sequentially in your underlying NII at LCL.

And the second question is coming back to insurance. I just want to understand why you are rethinking the financial debt structure. What should we read into this between the AT1 and the Tier 2? And maybe, can you give us a few numbers, the size of the Tier 1 versus Tier 2? So we can assess. Because you said it is a progressive shift. So looks like there is more to come. So we can better approach, where your revenues could come in, in the next quarters.

Jérôme Grivet: LCL, it is clear that because this is the way we have to account for these elements. Within the NII, we have mostly revenues coming from the management of the balance sheet. And from time to time, some tiny elements that introduce a little noise, I would say, in the level of NII.

So NII is up around 2% Q3 over Q3, excluding the home purchase saving plan reversal of last year. But I would say that it is slightly down if we restate also from this revaluation of equity investments. I am not saying that we will never have any other positive revaluation of different equity investments or bits and pieces here and there. But if I really look only at what the balance sheet generated, it was slightly down Q3 over Q3 this year.

The positive element that we see in the present situation is that we continue to see a progressive repricing of the outstandings on the loan book because we continue to book new loans at a rate which is now in the region of 3%, I would say. And this replaces amortising loans that were yielding much, much lower.

The second good news is that there is and there seems to be a continuation of the acceleration in the production of new home loans in France, both within the regional banks and at LCL. So this is a potential of acceleration of the improvement of the yield of the asset book.

And at the same time, on the liability part of the balance sheet, again, I want to insist on the fact that there is a stabilisation of the breakdown of the different categories of customer liabilities. There is also a potential of reduction of the cost of certain categories of liabilities. For term deposits, clearly, the pricing is reduced, is shrinking a little bit alongside with the level of rates on the market.

And when it comes to regulated savings accounts, we do not know what will be the decision regarding Livret A, but there is a decision to be made beginning of next year. And mechanically, the Livret A level should be fixed, probably at 2.5% instead of 3%. So this is clearly also a potential of improvement going forward.

When it comes to the structure of the balance sheet of the insurance activities, what they did is that they repaid an old AT1 back in the fourth quarter of 2023 for €500 million. They have also bought back another AT1 beginning of September this year for €750 million. We still have around €500 million of old AT1s in the balance sheet. So we are not going to say when and how we are going to operate on the remaining part of the AT1, but we have done the biggest part of it as of today.

Kiri Vijayarajah (HSBC): Firstly, can I just come back to your optimism on the French home loan demand? I mean, how much of that is reliant on further declines in 10-year, 20-year swap rates going into next year? Or is it more a case that the pipeline that you can see already feels pretty strong and that is going to come through regardless of where interest rates move in the short term? And I ask because rate expectations have been pretty volatile recently. So just in colour on the quality of the mortgage demand and the pipeline there.

And then the second question actually, still on the volume side of things, more on your fleet leasing business. I mean, you have signed more partnership deals, have done bolt-on acquisitions. But my question is more on the next two to three years, what is the steady pace of asset growth or volume growth in mobility, fleet leasing?

And also, it feels like a lot of the consolidation in that little subsector has now happened already. So when it comes to just natural organic growth, and if you find it harder to do bolt-on deals there, what is the kind of steady state growth, if you like, that we should pencil in the fleet mobility side of the business?

Jérôme Grivet: Okay. On the French Retail, I do not know if the word optimism is really the right word, but I am more positive, more constructive, because simply I see the figures. And again, I mentioned that Q3 over Q2, there has been an increase in the production of new home loans of 73% at LCL, and I think 20% at the level of the regional banks.

Q3 over Q3, it was still down for the regional banks, but slightly up for LCL. So it means that we really seem to have gone over the low point of the production of loans on the market. And if I look at more, I would say, granular data, in September only, it seems that both for the regional banks and for LCL, we are above the level of production that we had back in September 2023.

So all these elements are fuelling the feeling that the low point is behind us. And in addition to that, if I analyse the way the market is behaving, rates have decreased, that is very clear. So that is better for the borrower. There is some stabilisation of the price of homes.

And the last point is that, even if it took some time for them to acknowledge it, potential borrowers have benefited over the last two-and-a-half years of a certain number of nominal salary increases that is also fuelling their purchasing capacity.

So all in all, this explains why I think some elements are here for the home loan market to pick up. So we are going to continue to monitor the situation closely, but we are more positive, even if probably optimism is a little bit strong in terms of wording the situation.

In the car leasing business, the situation of the car market, especially in Europe, is not very clear as of today. There is some, I would say, industrial reasons, and there is some also, I would say, regulatory reasons, because a big part of the potential car buyers are a little bit puzzled by all the uncertainties regarding what is the right technology, what is the pace at which I have to change my car and so on and so forth.

So it is clear that, for the time being, the prospects on the market are not very, very bullish. So up to now, we have been able to whether this difficult market, thanks to the development of the new agreement that we have signed with Stellantis, and actually, we are developing the portfolio, because we started almost at zero back one-and-a-half years ago, and we continue to build up the portfolio.

So this is going to fuel our growth going forward, but in a market, that is not going to be very clear and very bullish rapidly.

Joseph Dickerson (Jefferies): Just one quick thing on Consumer Finance. I guess I was a little surprised at the revenue yield there in the quarter. I would have thought that business is relatively liability-sensitive, and you have talked before about front book margins being better than back book. Is there any change to those dynamics in Consumer Finance?

Jérôme Grivet: Thank you. Well, in Consumer Finance, actually, the shock was probably back one-and-a-half or two years ago, when there has been a very significant increase in the refinancing costs of the business, because this business is mostly financed on the market. And it was not possible for us, but also for our competitors, to pass to the customers the increasing rates as rapidly as we felt it in our refinancing.

So we have accepted, actually, to significantly deteriorate the margin at the production of new loans. So it has been now improving regularly. The margin for the production of new loans has been stable Q3 over Q2, but still up 86 bps Q3 over Q3, which is far better.

For the time being, we have not completely recovered the level of margin on the outstanding that we had back two or two-and-a-half years ago, but we still expect this to come over the course of the coming quarters. So it is definitely a business in which when market rates increase, it is not really possible, especially in countries like France, where you have usury rate regulation to pass it immediately to the customers.

Of course, when rates decrease on the market, we try as much as possible, depending on the competition, to keep this decrease in the cost of funding and to avoid passing it immediately to the customer.

Joseph Dickerson: Got it. Can I ask one more question on insurance?

Jérôme Grivet: Yes.

Joseph Dickerson: So just on the crop claims, I mean, I guess if I look in the current quarter, for instance, there has been some flooding in various parts of the country, notably the south. I mean, is this the type of thing that we would expect to recur around these weather events? Or do you feel that through IFRS 17, maybe you have captured even the current weather situation in the present quarter?

Jérôme Grivet: No, it is clear that the flood and the other weather events that we have had in France since the beginning of October, so in the course of the fourth quarter, has to be accounted for in the fourth quarter. Up to now, considering the type of events we have had, considering the fact that they were very concentrated in some very specific regions, and considering taking also into account the reinsurance policies that we have, I do not foresee a massive impact on the fourth quarter numbers.

But definitely, especially with IFRS 17, it was not so much the case before that under IFRS 4 where we could book some provisions to more or less smoothen the evolution of the cost of risk. But under IFRS 17, it has to be accounted for when it arrives. So it means that we have had some weather events in the fourth quarter that will be accounted for in the fourth quarter. But again, what happened in France has nothing to do with what happened in Spain, for example.

Matthew Clark (Mediobanca): A few questions, please. Firstly, on the Capital Markets and Investment Banking division, there does not seem to be a whole lot of operating leverage coming through there. Can you give some commentary on why is this? What you think is the appropriate level of operating leverage, but why are we not seeing costs more contained relative to revenues there?

Secondly, in the Consumer Finance business, thanks for the commentary on the financing cost. But in terms of just the sequential revenue trends, you were up quite strongly in the second quarter and then gave most of it back again in the third quarter. Can you just comment on what is driving that quarter-to-quarter volatility? Was there some kind of lumpy item last quarter, perhaps?

And then third question is on the Worldline stake. If you could just remind us how that is accounted for? Is it mark-to-market? I was a bit surprised that you called out the BAMI stake is affecting the corporate sentiment. I do not think you mentioned the Worldline stake. So just some explanation if that has not impacted, why it has not impacted?

Jérôme Grivet: Okay. At CACIB, it is true that this quarter, there has been an evolution of the cost base, which was more or less in line with the evolution of the revenue base, 8% for the revenue, 7% for the cost base, which is still positive jaws. But keep in mind that we are operating for the first nine months of the year at 52.6% in terms of cost/income ratio. It is probably one of the best cost/income ratio for CIB activities in Europe.

And we think, again, that being able to monitor the CIB activities within this region of, let us say, around 55% is quite coherent with the type of business that we are doing, with the type of risks that we are taking with our balance sheet. And so we prefer to invest in the further development of the business and trying to gain the additional 1 point of cost/income in this activity.

This is globally what we generally do. Once we have reached the level of cost/income that we think is coherent with the type of activity of a business line, then we prefer to allocate the capacities that we generate to the development of the business rather than to a further optimisation of the cost/income, which may lead actually to some kind of reduction of the scope of the business.

Second point on Worldline and BPM. Actually, both of them are accounted for in the Corporate Centre, but it happens that BPM is accounted for against P&L for some technical reasons that were linked to the way we have built the stake. Whereas when it comes to Worldline, it is not against P&L, it is against the equity. So the variation of the valuation of the Worldline stake are, of course, taken into account, but they are impacting directly the equity, so they do not feed into the P&L.

Matthew Clark: And on Consumer Finance?

Jérôme Grivet: Consumer Finance, remind me of your question?

Matthew Clark: It was just why the sequential quarterly volatility. It was up, I think, about 4% second quarter versus first quarter, then down about 3% third quarter versus second quarter. Just wondering why those quarterly movements year-to-date?

Jérôme Grivet: To be frank, I do not have the precise answer in mind. But bear in mind that within the revenues of the Consumer Finance division, you have of course the bulk of the revenues, which is made of interest revenues, so it is the difference between the cost of the refinancing and then the revenues coming from the loan book, but there is also some revenues linked to the services that we sell to insurance revenues and things like that, so this may vary in one quarter over the previous one.

So I guess this is coming from this element and possibly from insurance revenues, but we will have to check and the team is getting back to you in order to confirm this answer.

Stefan Stalman (Autonomous Research): Just two small ones left. The first one is looking at the UK, where you have this slow moving train wreck of motor finance-related legal claims. Is that something where Crédit Agricole is involved and exposed in any material way?

The second question goes back to insurance. I think you mentioned it, but I did not catch the full explanation. Why did the risk-weighted assets in insurance increase by €3 billion? Was that a purely organic development or was it a capital injection?

Jérôme Grivet: Thank you. Let me start with the insurance. It is very simple. The insurance activities generate RWA consumption in connection with the carrying value of Crédit Agricole Assurance. So when they generate results that are kept within Crédit Agricole Assurance, this is increasing the carrying value, which is translated into RWAs with this ratio of 370%. So every time they are making €1 of profit in a single quarter, they increase the RWA by 3.7.

And of course, every time they upstream their results to CASA under the form of a dividend, there is a reduction in the carrying value and so a reduction in RWA. So there has not been any capital injection, nothing of this kind, but simply the result of the quarter has generated this increase in the carrying value. Plus also some elements in connection with unrealised capital gains on the portfolio of assets that are against the own funds of Crédit Agricole Assurance.

So it is simply internal to Crédit Agricole Assurance and every time they are going to upstream some dividend, it is going to reduce the carrying value, and thus to reduce the RWA consumption. And generally, what happens is that they pay a yearly dividend in the second quarter and a first tranche of dividend in the fourth quarter.

So what we expect is that in Q4 this year, we are going to reduce the carrying value of Crédit Agricole Assurance and reduce the RWA consumption of this activity.

In the UK, we have a very tiny actually activity of motor finance, which is linked to the business that we have with Stellantis. So it is very, very tiny. So we are, of course, monitoring the situation closely, but we are absolutely not one of the tier one or even tier two players in this market. So it is not a very significant matter for us.

Anke Reingen (RBC): Somewhat different questions. I know in this call we talked a lot about floods and crops and so on. And I just wonder, is there a scenario under which you would review your credit risk with respect to climate change and potential risk weightings or as well as taken additional provisions?

Jérôme Grivet: Well, we have to account for all the risks that impact our loans, our credit. So, of course, we try as much as possible to take into account with all the technical limits of what we can do from this point of view. But we have to take into account the impact of the climate change on our customers and on their credit worthiness.

So, of course, this is an element that is taken into account by our risk teams. And in addition to that, I can mention that the ECB is looking at it very carefully. You may have seen that Mrs Buch, the head of the SSM, is insisting on the fact that she wants the bank to really take into account that element. And we have actually to provide the ECB with some materiality assessment of the impact of the climate change on our risks.

So this is already something we take into account in the credit criteria when we grant a loan and in the assessment of the credit worthiness of the counterparts when we monitor the portfolio.

Jacques-Henri Gaulard (Kepler Cheuvreux): Last question. It does not bode well for my career, I tell you. But anyway, two questions. First, one of the big drivers of the stock price, I think, is really the big change of governance that you are facing quite soon. Maybe from where you sit, your perception about the fact that there would be any change of strategy or

you would change the country priority or the businesses, knowing that clearly on the back of what you report in quarter after quarter, when it ain't broken, do not fix it, as English said.

And the second question would be, on LCL, you had this RWA migration you discussed. The cost of risk is up a little bit. Is there any tendency potentially of asset quality deteriorating a bit more than you thought in France over next year, actually?

Jérôme Grivet: I do not have any crystal ball, so I am not going to be able to say how the cost of risk is going to change in France. We are seeing in our accounts at LCL and in the regional banks what we are reading in the newspapers, i.e., an increase in the number of defaults, of delinquencies, of difficulties by different categories of corporates and SMEs.

We are not seeing a wave of delinquencies and defaults. We are not seeing a massive increase of difficulties. It is concentrated in certain segments, especially in certain segments of activity, contractors, in connection with what we have said about the residential loan market in the last two years. It is also in connection with some self-employed professional segments, especially in agriculture.

So some areas of pockets of risk, but no wave of deterioration that we would see as of now. So I am not predicting what is going to take place next year, but really it is not a wave. And again, we continue to have a cost of risk, which is moderate overall according to historical standards.

I am not in a position to comment the change in governance that you were referring to. I am pretty confident in saying that I do not expect this to lead to a significant change in the strategy, because the strategy that has been in place over the last ten years is completely the strategy of the Group, or not only the strategy of one man. And so it is definitely the Group that is going to continue to behave like it did, not only in the last ten years, but also in the last several decades. So I do not expect a significant change of strategy and I do not think it is broken, so I do not think it needs to be fixed.

Thank you. I think this was the last question, as you have said, Jacques-Henri. Thanks again to all of you for attending this call and talk to you soon. Bye-bye.

[END OF TRANSCRIPT]