



Crédit Agricole Q4 & Full Year 2024 Results

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Overview

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Key Messages and Figures

Good morning, everyone. Thank you for attending our call. I am very happy to present these results for 2024 and for the last quarter of 2024, which are absolutely excellent results.

All financial targets of 2025 ambitions plan exceeded in 2024

Let me start directly on page four of the presentation, and let me start by comparing our results for 2024 with the target that we had initially set for 2025 in the course of our latest medium-term plan.

As we have stated several times since the beginning of last year, we are indeed meeting as soon as 2024 all targets that we had initially set for 2025. I should say that it is the habit because it is the third time in a row that we managed to meet our profitability targets one year ahead of schedule.

But actually, we are talking about meeting the targets, and I should also insist on the fact that we are by far exceeding the different targets. It is the case for the net profit, which is 20% above the target. It is the case for the return on tangible equity, which is 2 percentage points above the target. It is also the case for the cost/income ratio, which is far below the ceiling that we had set at 58%.

It is definitely a very strong performance posted by the Group globally, but especially by Crédit Agricole SA for the quarter and for the full year 2024.

Continued strong earnings momentum in 2024

If we go now on page five. We have some key messages regarding this set of results. First message is clearly a strong increase as compared to the previous year and to the last quarter of 2023, that is a record level in terms of profit for the fourth quarter of any year and for a full year level of profitability.

It is also a result that has been reached, and we will dig a little bit into that, especially thanks to a very high level of revenues. The level of profitability is also very high because 14% is indeed the best return on tangible equity we have posted.

The capital position and liquidity positions are very, very strong, and we are proposing to the General Assembly Meeting that is going to be held in May, an increase of the cash dividend that is going to be at €1.1, plus 5% as compared to the one we paid on 2023.

Key figures

If I go on the following page, we see all the figures for the Group globally and for Crédit Agricole SA specifically for the full year and the quarter. What I can say is that for these stated figures, all indicators are up: up for the revenues, for the gross operating income and for the net profit, up for the quarterly results and for the full year results, and up for the Group and for Crédit Agricole SA.

Cost/income ratio improves on both perimeters and the cost of risk continues to be very low compared to historical standards.

Crédit Agricole Q4 2024 Summary

Let me now switch to page eight. Starting with actually the level of activity that we have had in all business lines in the last quarter of the year and in the full year 2024.

Strong activity in all business lines

It has been a year again of very high level of activity across the board in every business and every entity of the Group. It has been very much the case for Retail Banking activities and all activities directly oriented towards individual and households, with specifically good news in France, which is the rebound of home loan activity in the last quarter. It is up in terms of production of new loans, up 18%, as compared to the last quarter of 2023.

We continue to see an increase also in corporate loan production as well as in the level of loan activity, credit activity in international retail banks.

When it comes to consumer finance, we see a level of activity, which is stable and high as compared to the last two or three quarters. So a good level of activity also in the consumer credit business.

Lastly, I want to comment the fact that we continue to see this stabilisation of the deposit mix in France, which is very important going forward for the further future improvement of the net interest margin.

When it comes to CIB, asset management and insurance activities, we are posting very high level of activity and sometimes records. It is the case for the insurance activities, where we have a record level of outstandings in life activities, and we have had also a record level in terms of net premium income in 2024 with a level of €43.6 billion of premium for the full year.

It is the case also for Amundi with a level of net inflows of €55 billion for the full year and outstandings of €2.240 trillion of assets under management. It has also been a year and a quarter of record level of revenues for CACIB.

Revenues at high level, with a strong increase

If I dig a little bit more in the analysis of the revenues that we have posted in the last quarter of 2024, you can see on page nine that actually this sharp increase in the level of revenues, plus 17.4% on a stated basis, and plus 18.2% on an underlying basis, this sharp increase is spread over almost all our business lines. It is very much the case in the asset gathering activities with a high level of activity overall, plus also a favourable base effect in the insurance activities.

You may remember that back in the fourth quarter of 2023, we had a significant level of weather-related claims, which we do not have in the fourth quarter of 2024. We have also the benefit of the integration of Degroof Petercam, which was not there back in 2023. But nevertheless, the level of revenues is high and increasing rapidly.

It is also the case in the large customers division, so CACIB plus CACEIS. No scope effect but simply a very good performance of all activities in this business division.

In the Specialised Financial Services business division, the good news is that the revenue increased indeed by €35 million, which is the first time in 2024. It is illustrating the fact that in CAPFM, so the consumer credit entity plus car leasing entity, we are now seeing the positive

effect of this increase in the margin for new loans, translating into a slight improvement of the margin on the outstandings.

Lastly, on Retail Banking activities, there is a stable level of revenues with some slight ups and downs between France, Italy and the other international retail banks entities.

Lastly, in the Corporate Centre, a sharp increase in the level of revenues that is partially driven by a valuation of Banco BPM shares that is higher than the one we already had back in the fourth quarter of 2023. But nevertheless, the other elements in this business division or in this Corporate Centre are also well oriented.

On the right-hand side of the page, you may see that the annual growth rate of the revenues in the last ten years was 6.5%, and it has been very regular. So it is a very positive element that we are happy to illustrate there.

Support for business lines' development, low cost/income ratio at 54.4% (2024)

On the following page, we have some elements regarding the evolution of the cost basis. So what you can see is that the increase, plus 5.6% on a stated basis and plus 4.4% on an underlying basis, is less dynamic than the one we had for the first nine months of the year. There is clearly a slowing down of the evolution of the cost base. It is perfectly coherent with the evolution of the inflation in most countries in which we operate, especially in France.

This is also illustrated by the right-hand side graph of this page in which you can see that the recurring expenses increased by a mere 3% on this quarter, which compares quite favourably to the same calculation we did for the first three quarters of the year, which were more in the region of 4% to 5% beginning of this year.

So definitely, of course, we continue to invest, we continue to remunerate our staff. But there is a slowing down in line with the evolution of the inflation.

Provisioning driven by allocations on performing loans

On page 11, some elements regarding the cost of risk. There is an apparent increase in the level of the cost of risk, be it compared to the fourth quarter of 2023 or to the third quarter of 2024 on the perimeter of Crédit Agricole SA.

But what you can see immediately is that actually, this increase is driven mainly and essentially by IFRS 9 provisions, so Stage 1 and Stage 2 provisions. If you really dig into the numbers and look at only the Stage 3 provisions, they are down as compared to both the third quarter of 2024 and the fourth quarter of 2023.

This increase in Stage 1 and Stage 2 provisions come from both a revision of certain IFRS 9 models in certain entities, especially the case in the consumer credit business and also at CACIB. There is also a positive migration of certain counterparts from S3 to S2, so from doubtful loan to only sensitive loans, I would say, which is positive, definitely. And of course, the provisions attached to these loans migrate in the same direction.

Overall, what we can see is that the nonperforming loan ratios, both on the Group and on CASA are slightly down in Q4 2024 as compared to Q3 2024, and the coverage ratios continue to improve.

Cost of risk by business line

On the following page, you have some more precise information regarding the cost of risk in the different business lines. Maybe just to highlight two of them. In the financing activities of CACIB, there is apparently a significant increase, and it continues to be very low. 7 bps is definitely a very low level. The second point is that this level is only made of Stage 1 and Stage 2 provisioning. In terms of cost and incurred risk, it continues to be around zero.

Then within CAPFM, there is apparently also a sharp increase. But actually, this is triggered by two specific elements I wanted to mention. First element, it is a €50 million provision that is booked with regards to a revision of IFRS 9 models, as I mentioned earlier. So it is a one-step increase in the level of provision. And of course, the model is going to evolve going forward, but the updating of the outstanding reserve in face of this provisioning model.

Then the second element, it is a reserve that has been set aside of €30 million in regards with legal risks, including, of course, this issue in the UK with car loans, you perfectly know about this story, which is story for the whole banking sector, in which we represent only a very modest 1% to 2% of market share.

Very good results

On the following page, you have an analysis of the evolution of the net profit on a quarterly basis by business line. And what you can see is that for this quarter, the contribution of asset gathering business division and retail banking business division improved quite significantly. It is stable for the large customers division because of this increase in the level of provisioning at CACIB, but again, at a very low level. It is also slightly down at SFS business division, again, in connection with the cost of risk I was mentioning, which is made, amongst other elements, of two significant one-offs.

On the right-hand side of the page, a breakdown of the evolution of the net profit on a yearly basis by lines of the P&L. What you can see is that all in all, the sharp increase in the net profit, plus 11.6% on a stated basis and even plus 21.1% on an underlying basis, is mainly driven by the increase in the level of revenues, plus €2 billion, only €750 million of increase in the cost base. Then a slight increase in the cost of risk for the full year. Of course, a sharp increase in the level taxes, and a decrease of the other line in which you have the equity-accounted entities because of some modification in our perimeter.

But definitely, the increase in the level of net profit is driven by the evolution of the revenues and by the evolution of the gross operating income.

Good level of solvency ratio (Target at 11%)

On the following page, some elements regarding the solvency ratio at CASA. The target continues to be 11%, and we are stable at 11.7%. There is a high level of retained earnings after the distribution reserve. There is also a certain dynamic in the evolution of the business line, organic growth of RWAs, which is partially driven by some rating migrations.

Then we have some bits and pieces which are gathered with M&A effect, regulatory effects and so on and so forth. But the main point there is the fact that we have started now in the fourth quarter of 2024 to prudentially consolidate the leasing activity, which is one of the provisions of Basel IV. This is leading to a one-off cost in terms of solvency of 12 bps.

Very high capital

Over the full year, the solvency ratio decreased by 10 bps despite the sharp organic growth of our activities, despite also some technical elements like the one I just mentioned in the leasing and despite also some M&A operations that were closed in the course of the year. So definitely a wide margin of manoeuvre in terms of solvency considering the target of 11%.

This, of course, takes place in the context of the Group. That continues to have a very high margin above any regulatory requirement, 17.2% of CET1 ratio for the Group, plus 740 bps of margin above SREP requirements, so definitely no issue regarding the solvency of the Group.

The same effect on the solvency in the quarter with a slightly different overall impact, which is, of course, perfectly connected to the high level of solvency of the Group. With such a high level, every additional billion of RWA needs a higher level of capital to be covered if you want to maintain the ratio.

In terms of other solvency ratio, be it leveraged, TLAC, MREL, no issue and always a significant margin above all the requirements that apply to the Group.

Strong liquidity position

On the following page, page 16, some elements regarding the liquidity of the Group, nothing significant to signal. Reserves continue to increase slightly over the quarter. Customer deposits have also increased a little bit over the quarter, and the breakdown of these customer deposits continue to be very stable after the sharp shift that we have seen when the increase in rates started.

Now it seems that we have reached the level which is again very stable. The liquidity ratio, the LCR ratios continue to be very significantly above the target of 110%, 131% for Crédit Agricole SA, and 127% for the Group, globally.

Continued support of transition

Let me now spend rapidly some time on the following pages. On page 18, you have an update of our transition plan and the strategies we developed in order to accompany our customers in their own energy transition with the acceleration of the development of the financing of renewables and low-carbon energy sources.

The second point which is all we provide to our customers to help them transition. Then the third point, which is a consequence of the first two, which is the progressive reduction and targeting the exit from the financing of carbon-based energy going forward. And what we can tell on this point is that we are far ahead of the curve in terms of reaching our medium-term targets.

Evolution of Crédit Agricole Group energy mix

This is translated on the following page, page 19. You can see that the breakdown of the financing that we provide to energy production has very significantly shifted between 2020 and 2024. Now every time we free €4 of fossil fuel financing, we are able to allocate €14 to low-carbon energy financing.

Roll-out of strategic plan

Some elements regarding the rollover of our medium-term plan besides, of course, the fact that we reached the target one year ahead of schedule.

Crédit Agricole SA, a growth story supported by its organic development...

What is interesting to note on page 21 is that we continue to increase our market shares in most of the business lines in which we are engaged. This is the perfect rollout of the organic part of the development plan of the Group.

We continue to gain customers, 1.9 million new customers, in our retail banks per year since the inception of the present medium-term plan. So definitely, the organic growth trajectory of the Group continues to work exactly the same way accordingly to its DNA.

...Rounded out by a series of self-financed and value creating transactions

This is complemented on page 22 by the inorganic growth initiatives that we have taken. We felt it was interesting to look a little bit backwards on all the transactions that we have concluded and closed in the last four, five years. We have invested a significant amount of capital in those transactions. This amount was definitely self-financed, be it by our capital or earnings generation capacity and also thanks to some disposals.

These operations are representing a significant complement to the level of revenues. If you add up the transactions that we have concluded in the 2019-2021 period, which we consider as fully integrated and the ones that we have concluded more recently, all in all, this is going to represent close to €4.5 billion revenues in 2025 with an average level of cost/income ratio, which is very close to the one that we are targeting in average. So a very positive lesson that we can take of all these initiatives of inorganic operations.

A balanced, diversified and regular growth model

On page 23 and 24, some elements regarding the trajectory that we have been able to follow in the last 10 years. Overall, we have managed to grow the top line steadily year after year and, in average, by a very high 5.6% ratio every year. So it is a very high rhythm of increase of our top line.

In the meanwhile, we have improved the cost-income ratio at CASA by 15 percentage points over the last 10 years, with a very, very steady, very linear trajectory.

High profitability allowing attractive shareholder compensation

On page 24. Again, with the same level of historical data, the trajectory of return on tangible equity. Actually, we should have started in 2016, not in 2015, because 2016 was the year of completion of the Eureka transaction, through which we reorganised the Group completely. So we started with the level of return on tangible equity around 8.5%. We are now reaching 14%, and we have been permanently above 10% with the exception of 2020, which was the year of COVID.

But definitely, even in this year, we have managed to post a return on tangible equity, which was above 9%. In the same period of time, we have multiplied the dividend per share in cash by more than 3, 3.1 to be very precise, reaching this level of €1.10 per share.

I will stop here. I think this is the relevant conclusion for this presentation. I am now leaving you the floor for the questions.

Q&A

Tarik El Mejjad (Bank of America): Jérôme, congrats on excellent results. Really great quality. I want to ask you again, as I usually do, on are you reviewing your guidance up? I think we will have all to wait for another few months. But still related to that, I mean, you have been delivering record high ROTE, so 14% for the full year 2024. It seems that you are not yet firing on all cylinders. Do you think the bank has structurally shifted to materially higher ROTE versus previous plans?

If I remember, the last few plans, you basically increased your ROE by 50 to 100 basis points ROTE plan after plan. Now we are way above the previous plan target. Is this a structural shift? Or there are some elements that flatter a bit your ROE? For example, I am thinking of the CET1 ratio of 11%. But you seem to be adamant this is the right level for you.

Then related to that still, on the Capital Markets Union, you wrote a very detailed article a few weeks ago on the securitisation, the benefits of its Europe linkature to the Draghi Report. Should we expect in your new plan after raison d'être, maybe there is a new plan where you are more trying to leverage on the European working together and securitisation within the CMU? One of your competitors yesterday start to embed the CMU even within the medium-term outlook for their profitability. Are you in the same situation?

Then the last question. I mean, I have to ask it. Let us see how much you can say on that. But on Italy, I know the situation remains very fluid. But I wanted to see what is your position in here. You often presented more as defending your interest. There was a few headlines this morning again. But I think it is quite the opposite. I think you have a big opportunity here to leverage on your stake. So can you maybe update us on where you sit there and what time line we should watch?

Jérôme Grivet: Lot of questions, Tarik. Nevertheless, I will try to answer as quickly as possible those questions.

First one, guidance. It is clear. There is a new CEO that is going to be in charge mid-May. He has started indeed to work on the future medium-term plan. But of course, it will take a little time. So do not expect the new medium-term plan before probably the fourth quarter of this year. We will update the targets and we will give new targets for probably 2028.

Nevertheless, 2025 has to go its way. What I can tell you regarding 2025 is, first, we do not forget the initial targets of the last medium-term plan. So we continue to target a return on tangible equity for 2025 that should be above the 12% threshold of the previous medium-term plan. We continue, of course, to target a cost/income ratio, which should be below 58% and possibly significantly below.

In terms of net profit, you know that in 2025, we are going to face tailwinds and headwinds as some of our competitors are stating. But all in all, what we feel is that we have the capacity to repeat more or less the same type of performance as the one we have been able to publish regarding 2024, I would say, on a structural basis.

So definitely, we all understand that you would prefer to have an update of our targets as soon as now. But we are in a transition period, which is not a brutal transition. It is going to be very fluid. We need a little time before we are able to post new targets.

In terms of return on tangible equity, this will be part of this new medium-term plan. Of course, we are taking into account the modification of the breakdown of our businesses, the fact that we have embedded in our scope of businesses some low levels of capital requirement. There is also the necessity to fully take into account the impact of Basel IV which are not, for the time being, completely taken into account in the latest figures we have published because it continues to be deployed.

So it is clear that we are well positioned regarding the return on tangible equity. We do not want to abandon this good position. But again, this will be part of the new medium-term plan.

Securitisation, it is clear that it is an important possible development of the activities of the Group in several areas. It certainly is the case for CACIB, but CACIB is already using these tools in order to monitor and to fine-tune its capital consumption. CACIB is and will continue to use this securitisation operation with different categories of investors in order again to monitor its capital consumption. It is also, of course, a possible target for Amundi to develop activities regarding all these credit funds. So it is definitely something that we are going to look at closely in the course of the next medium-term plan.

Then Italy, what we are seeing is that the evolution of the situation in Italy is not going to be decided by Crédit Agricole itself. Crédit Agricole has an important setup in Italy. We behave as much as possible as a good Italian citizen when we operate in Italy. And we think that we have a good image in this country. But what we are seeing is that at the end of the day, the reshaping of the banking landscape in Italy is not going to be decided by us. What we want to be is to be in a position where we have the capacity to defend our interest, again to use this expression, which does not mean that we are passive, but we are actively defending our interest.

Giulia Aurora Miotto (Morgan Stanley): Two questions from me as well. Slide 22 shows how you created value via bolt-ons. I think it is a nice slide. You are currently ahead the 11% CET1 target, and here, of course, there is Basel coming. But what are you most focused on with your excess capital at the moment? On the margin, what business or geographies are you looking to deploy? And would this be mostly a bolt-on or could it be a larger deal? That is the first question.

Then second question, you mentioned risk migration on RWAs. Is there something that we should start to worry about, perhaps with respect to France in terms of asset quality deterioration or not really? What are you seeing there?

Jérôme Grivet: Let me start directly with the second question. No, it is technical. Even in the case where an asset is upgraded from a default to sensitive, it happens that there is an increase in the level of RWAs. So really, it is the consequence of all the migrations that we have seen; but what is the most important is that in terms of actual cost of risk, there is no sign of deterioration. So always the same areas that are sensitive.

It is the case for many, many small businesses that are, for example, connected to the car making business. It is also the case for all the SMEs in the building contracting sector. And we see those sectors as being sensitive since now many quarters. But there is no overall sign of deterioration and no worry on our side.

But simply, we have to acknowledge that all the regulation is sometimes having some volatility effect on the capital consumption because of the models that we have and all these elements. This is what happened with very moderate magnitude definitely on the fourth quarter of this year.

The second point is regarding the usage of the excess of capital. We do not decide in advance where we are going to be able to make acquisitions. Because an acquisition is a matter of availability of opportunity, and so we cannot decide in advance. What we know for sure is that we continue to look at bolt-on acquisitions much more than transformational acquisitions; because I think the success of the past acquisitions was clearly linked to the fact that this was easy to integrate operations.

I think it is very important, if we want to make sure that we take advantage of those operations, in that it is a good usage of the capital that we are able to generate. We must make sure that the integration is going to go smoothly. And the best way to see a smooth integration is to make the acquisition of entities that are coherent with what we are doing now and that are easy to integrate.

Delphine Lee (JP Morgan): Just two. I mean, maybe just to follow up a little bit more on strategy in general in Italy. I get your point on that you do not decide on the landscape in Italy. But what will be the best scenario for you and for Amundi in general? Like what is on your wish list?

Then a second question, also on M&A. I mean, you have been very successful in bolt-ons, and completely agree that it is easier to integrate. But if you were to look at opportunities that are slightly bigger, what countries would you focus on first in your view?

Jérôme Grivet: Okay. These are quite difficult questions, but let me start with the wish list. The wish list is actually quite simple to design because the wish list would be clearly to be able to develop all the partnerships that we have presently, to conclude new partnerships, and at the same line, to develop the network of the retail bank that we have in Italy. So that is very simple.

We want to develop. We have two ways of developing our activities directly through our own network and indirectly through partnerships. The wish list would be to be able to develop at the same time in those two directions and with the same, I would say, magnitude.

M&A, which country? If we want to integrate what we are acquiring, it means that we need to acquire entities, to acquire objects that are in connection with activities we already have. It means that by definition, either we make acquisitions in business lines that we already have, and possibly this could lead us to complement the geographical footprint of some businesses. It has been the case, for example, when CACEIS made the acquisition of KAS Bank in the Netherlands. This gave CACEIS an improvement of its footprint in the Netherlands. Or when CACEIS made the acquisition of Santander Security Services in Spain, it was a complement to the setup of CACEIS in this country, where CACEIS was not really present.

That is first geographical approach. Of course, from pure retail banking point of view, where we can make acquisitions, the countries where we have already some activities. Because setting a new franchise of retail bank in a new country, I am not ruling completely out such a

strategy, but it is not really what we have in mind nowadays. What we know best to do is clearly to integrate some additional setups where we have already some activities.

Kiri Vijayarajah (HSBC): A couple of questions from my side. Firstly, on the interim dividend or rather the lack of it, I have to say I am a bit surprised. Because I know when we talked in the past, you have sounded quite amenable to the idea. I know you mentioned your big shareholder would probably be in favour of it as well. What is the rationale for not following what your peer announced yesterday with regards to the interim dividend?

Then just more of a technical question on the exchange rate effects in CIB on slide 14, the €2.7 billion of RWAs. Presumably that is from a stronger US dollar. I guess I am a bit surprised you are not better hedged. But is it fair to assume that there is more of that to come through in Q1, given what has been happening with the euro-dollar exchange rate year-to-date? So just guidance on the non-euro-denominated RWAs, please.

Jérôme Grivet: Let me start with the second point because it is quite straightforward. Actually, we are not hedging the RWAs. What we are trying to hedge is the impact of rate evolution on the solvency ratio. It means that we try as much as possible to have the same proportion of dollar-denominated, for example, capital components as the proportion of dollar-denominated asset proportion in order to immunise as much as possible the solvency ratio. But there is no specific hedging of the assets. We prefer to hedge the asset and liability elements alongside in order to again immunise the ratio as much as possible.

When it comes to the interim dividend, well, we are swift. We are able to react rapidly. But asking us to react today to something that was announced by one of our competitor yesterday is a little too quick. So I have no, I would say, objection regarding this interim dividend issue, because, in itself, paying the dividend twice a year or once a year is not creating any euro of additional value. It is a technicality. I have no, in principle, opposition and I have no, in principle, I would say, inclination to do so.

We are going to see what the competitors do. I take due note that one of the big French banking competitor has stated that it was going to do so. We will see what we can do, we want to do, we deem reasonable to do. And we will act accordingly. But again, this is not creating a single euro of additional value in itself.

Flora Bocahut (Barclays): Two questions from me as well. I would like to go back to dividend, but more to discuss the payout here because obviously you have excess capital. There are moving parts in Italy. There is bolt-on M&A that you do here and there. I know there is Basel IV also coming. But what is your appetite here to potentially look into the payout again? Or is that absolutely no will from your side to change the 50% payout?

Then the second question is actually regarding the announcement today from the regional banks that are going to buy up to €500 million of Crédit Agricole SA shares and that they have no intention to go beyond 65% ownership. I know I should ask them rather than you, but you are also part of the Group more generally. So I would be interested in your view on a few things there. First, why that 65% limit? If you could explain, that would be helpful.

Then obviously, they continue to pile up excess capital in the regional banks. What is the view once they are at 65%? Are you considering within the Group changes to the capital structure, or there is absolutely no discussion there, you think it is optimal as it is?

Jérôme Grivet: Let me start with the second question again. 65% is not a magical figure. It simply was the figure they stated when they issued their first operation of share relation, capital relation, in the capital of Crédit Agricole SA.

Again, you had it right. They are better placed than myself to comment. I think that they want to stick to what they have said back two years ago, and it seems reasonable. Is there any change to foresee in the capital structure of the Group? There is absolutely no discussion regarding that presently within the Group that I can tell you.

I see from my point of view no specific reason why we should want to change this capital structure, which proves to be efficient, which provides the Group a vehicle that is very, very capital-efficient and that is delivering high return on tangible equities, where, at the same time, you have the regional banks that do not look that much to their own return on equity. They look to their level of profit, which is very important, of course.

But when it comes to profitability in terms of return, it is not so important for them, and they want to continue to accumulate capital in order to continue to develop their activities locally and also to contribute to the most efficient coverage of all the capital structure requirements that we have at Group level. Because again, their very high level of solvency allows us to cover our different ratios, be it TLAC or MREL, for example, with the most efficient set of elements, subordinated debt and Tier 1 and Tier 2 debt at CASA, but mostly CET1 capital at the level of the regional banks, thus leading to a very robust and very cost-efficient capital structure for the Group. So no reason to change anything from this point of view.

When it comes to the dividend and payout policy, of course, this is an element we are going to reassess in the medium-term plan, as every time. But between you and me, I doubt very much that we are going to change our stance. Again, it is proven to be efficient in the last medium-term plan, efficient, meaning that we have been able to deliver a very good shareholder return. At the same time, we have been able to seize opportunities to accelerate our growth.

So we think even if it is not very scientific, that this 50-50 breakdown between dividend and capital that we retain for the development is relevant.

Pierre Chédeville (CIC): One question regarding insurance. I remember that when you launched the previous plan, Philippe Brassac was very optimistic regarding the development with SMEs customers. I remember at that time, I was a little bit sceptical considering the fact that these types of clients were very targeted by AXA, for instance, or other pure players in insurance.

When I look at your beautiful slide 21, I can see that your P&C business in terms of market share is quite stable. And I wanted to have a view maybe on the development on SMEs. Was it as good as Philippe thought at that time? First question.

My second question relates to Asia. We have seen yesterday that Amundi is performing very well in Asia, and not only in the JVs with more than €400 billion of assets under management ex JVs in Asia. I wanted to know if you can link this development with other parts of your business, especially CACIB. And if you have seen this last day or this last year during the plan a significant increase of your revenues in Asia, and do you see a link between Amundi and other parts of your business in Asia?

Last question is regarding LCL. Could you come back a little bit on the impact of macro hedging this quarter? I did not really understand why this quarter, your margin is decreasing. Could you confirm that in 2025 regarding the evolution of rates, this margin should increase?

Jérôme Grivet: Okay. Insurance and the development of P&C insurance for SME clients. We are patient, and it takes time to really install the development of a new business line alongside between the insurance entities and the caisses régionales or LCL. And so it has started indeed with some regional banks which are quite active. It is not at this stage very massive in terms of global figures. But this is not so much our worry because we perfectly know that even when we started the life insurance business or the P&C insurance business for the household and the individuals, it took a little time before it was completely, I would say, a part of the DNA and part of the day-to-day behaviour of all our commercial staff on the territory.

I do not have any precise figure to give you right away on this business. It is developing correctly compared to what we had in mind, and it is going to continue to be an area of future development for Crédit Agricole Assurances and for the Group.

Asia, it is clearly a very important geographical area for Amundi, you have stated it well, because Amundi has decided to focus on Europe, Middle East and Asia, and we will close in the coming weeks or months the deal with Victory Capital in the US, through which Amundi is going to change its setup in the US gaining 26% of the capital of Victory Capital in exchange for the contribution of its own US setup. So it means that, on a purely autonomous basis, Amundi is really focusing on Europe, Middle East and Asia.

It is, of course, developing well in Asia. And it is developing also in terms of cooperation between all the entities that are present in Asia. I can give you an example because I remember back some years ago now when I was heading the insurance activities, we have a small life and protection insurance business in Japan. The development of this business was only made possible by the support of CACIB, on the one hand, and Amundi on the other hand. It is clearly a policy that we have in every country in which we have several subsidiaries or branches of our large global business lines.

It is key that we organise things in such a way that they work together and that they try to help each other to develop their activities locally. It is the case in Asia between Amundi and CACIB definitely.

Pierre Chédeville: Have you seen the revenues progress during the plan?

Jérôme Grivet: I do not have the geographical breakdown of the revenues at CACIB. We can give you maybe some more precise numbers later on. But it is always difficult in CIB activities, you perfectly know that, to tell exactly where the revenues come from. Because you can allocate the revenues either in the country of the clients, in the country of the commercial team, in the country in which you book the asset. So you have different possibilities, and it is a little bit complicated to allocate and to break down completely the top line of CACIB between the different countries.

But CACIB is developing in Asia. That is clear. That was the target of the previous medium-term plan. I can guess that it is going to be a target for the next medium-term plan for CACIB. Again, for the same reason, which is that the largest players are US. They are based in the US. So the US market is very difficult for European banks, be it in CIB activities or be it in asset

management activities. It is clearly why we try to develop as much as possible in other regions where the domestic players are not so dominant.

Then LCL macro hedging, why this decrease in the NII in the fourth quarter and what do we expect for 2025? You know that the macro hedging globally is a series of swap in which we pay the long fixed rate and we get the short-term rate. What happened in 2024 and what continues to happen in 2025 is that the short rates are decreasing rapidly alongside with the decision of the ECB. This is what happened in the fourth quarter, and it is absolutely not unexpected.

But what we foresee in 2025 is that thanks to the continuation of the decrease of the weighted average cost of the customer liabilities, thanks to the reduction of the cost of the market refinancing that we need to provide to LCL, and thanks to the progressive repricing of the loan book with the acceleration hopefully of the production of new home loans. And even if the macro hedging will continue to see its contribution reducing, we will see the stabilisation and the increase of the net interest margin at LCL and also at the level of the regional banks in 2025.

Pierre Chédeville: But not a significant increase.

Jérôme Grivet: We foresee a slight increase, to be frank.

Alberto Artoni (Intesa Sanpaolo): I have two questions on the asset gathering business. The first is, do you expect a lower rate to continue to support good business momentum, particularly life insurance, asset management, wealth management?

The second question is more general. There has been a debate around the active fixed income funds and products. Some people say that, going forward, we should expect the same level of competition that we have seen in active equities. Other people say that given the difference between fixed income and equity markets, the competition will not be as tough, and active fixed income product have a much wider future compared to the active traditional products. What is your take on that debate?

Jérôme Grivet: On your second question, you were talking about asset management or CIB?

Alberto Artoni: Yes, asset management but that also fits into life insurance product directly, wealth management indirectly also.

Jérôme Grivet: Okay. Well, lower rates have an effect on the valuation of outstandings, especially if you have a large fixed income business in asset management activities as well as in insurance activities. You know that in the insurance portfolio of assets, you have a large proportion of fixed income assets. It is a mix, because at the same time, a decrease in rates is generating a positive valuation effect, but at the same time, going forward, the new assets that you can buy are yielding less. So it is a mix.

I think that at the end of the day, what is important is to be able to adapt to any type of rate context. We have proven that it was the case for us both for life insurance activities and also for asset management activities.

What is important is the commercial demand in terms of savings products and savings support. But as long as our clients want to invest their savings into different categories of savings products, we have the full range of products and we are able to serve them.

Then when it comes to competition, it is fierce. It is getting fiercer and fiercer in all categories of businesses, be it equities, be it fixed income products. What is important is to be, as much as possible, a low-cost producer. Of course, if you manage in a clever manner your size, size is a good advantage if you want to be a low-cost producer. And we have the size and we have this habit of being a low-cost producer. It is the case for Amundi, where they have an average cost on the assets under management, which is probably one of the lowest in the market. It is also very much the case at Crédit Agricole Assurances.

Speaker: Just a couple on consumer finance. Just what your assumptions on the provisions you have taken, do you make an assumption on the Supreme Court really coming up in the UK?

Then secondly, related to that, are there any other things in Europe, any other parts of business where you would expect some of the actions to be taken by European regulators in terms of discretionary commissions?

Jérôme Grivet: Well, in the UK, it is clear that it is a very preliminary stage of the case because what we have seen is that the number of claims that we have actually received is very limited for the time being. The second point is that we have seen that the UK Minister of Finance is now putting some pressure on the regulator in order to be moderate in terms of setting the framework of potential indemnification, especially of course taking into consideration the potential impact on UK banks, but also willing to frame a scheme in which there would be no windfall profit for some of the customers, which we deem perfectly reasonable.

All in all, it is a preliminary provision. We do not know exactly if and when we are going to need to book additional provisions. But what I can tell you is that, first point, we will continue to have provisions according to our respective size on the market which is very limited, again, 1-2% of market share. So it is a very, very limited proportion of what is going to be grouped by UK players.

Second point, most of these activities were performed at a time where Crédit Agricole Auto Bank was FCA Bank and was a JV between FCA and ourselves, which means that at the end of the day, there is a loss-sharing scheme with Stellantis.

Then the third point is that, to the best of our knowledge, every time there has been, in the last ten years, a precision given by the authorities on the way this activity must be developed, those new precisions were directly implemented by set up our operations there. What we think is that we have been behaving as accurately as possible in this market in the UK.

All in all, this is leading us to be a very confident that this is not going to be a major issue for us. But of course, we have to monitor the situation closely.

Then for the last aspect of your question, do we foresee other areas of such difficulties, such disputes? We do not see any other areas of such a case being opened. Of course, we disclose all the risks elements regarding our set of businesses in the risk part of the presentations.

So there is some pages in the appendix. And of course, in the registration document, we update regularly also on our risk factors.

Sharath Kumar (Deutsche Bank): I still have a couple. Firstly, coming back to French Retail, again, expanding a bit on Pierre's question. I would say it was encouraging to see mortgage loan production pickup. Where do you think is the current appetite for a further improvement

in the current political climate? I know that the ECB lending survey suggested some softness in the first quarter versus the prior quarter. Any comments there would be appreciated.

Second one is on personal finance. Again, encouraging to see a good sequential recovery, although I note some one-off elements. But nevertheless, the underlying growth is still encouraging. Where do you see the development of margins and volumes in the wake of lower interest rates in 2025?

Jérôme Grivet: Your second question was regarding to which business precisely?

Sharath Kumar: Personal finance or specialised.

Jérôme Grivet: Personal finance, okay. French Retail, an appetite of the customers to engage into home loans. I think the appetite of our clients to buy their homes has never weakened. What has weakened is their effective capacity to borrow in the context of the sharp increase in interest rates that we have seen in 2022, 2023, up to beginning of 2024.

Definitely, the willingness of French consumers to be able to become homeowners has not changed. What is changing and improving is their effective capacity to borrow and to buy their homes. To this extent, the political uncertainties in France do not have any impact; because whether there is going to be a budget or not is not really having an impact on your willingness to buy your house, to buy your home. Definitely, it does not change a lot, at least for the vast majority of the population.

Of course, for the higher end of the population, the person who invests in real estate and who buy properties to rent them, then, of course, they are going to hesitate a little bit and to see whether there is going to be an additional tax burden on this business. But for the vast majority of the home loans, that we grant for people that want to borrow their home, and so there is no impact of the political uncertainties.

What is going to be important is to see how the rate evolution is going to continue. In my opinion, considering the level of customer rates as of today and considering the cost of refinancing, we should see a stabilisation of the customer rate, which is coherent with the market rate and which is coherent also with the capacity of our clients to borrow.

So we expect to see a further development of the home loan market in France and in our network, both LCL and the regional banks.

Then in consumer credit, the good news that we have seen in the fourth quarter of this year was the fact that the progressive improvement in margins at inception of new loans started to translate into an improvement of the overall margin on the outstandings, which was again the good news because we had seen a very sharp decrease of the margins with the increase of refinancing rates back two and two-and-a-half years ago.

We were expecting this moment where the price effect was going to start to invert. It is now the case. So we expect a lot from 2025 going forward on this business.

Matthew Clark (Mediobanca): Two questions, please. One, going back to the macro hedging in LCL. Sorry if I missed it. I just wanted to confirm, is this macro hedging on the mortgage portfolio?

Then second, and if not, what is the macro hedging on specifically in terms of products? Then second question is just on the tax rate. Can you give us a guide for the year ahead, please?

Jérôme Grivet: The macro hedging is not specifically on one part or the other of the balance sheet. What we do when we define and implement the macro hedging policy is that we start by assessing all the elements coming from the customer in the balance sheet. We have on the asset side the fixed rate loans, especially home loans. We have on the liability side different categories of customer deposits. We have a sight deposit, which is considered as a fixed rate liability with a zero rate cost.

We have also all the regulated savings account, in which there is a component in the rate which is connected to market rates. There is another component, which is linked to inflation. Then we have also the term deposits in which there is a rate that is set, and that depends on the duration of the deposit.

Then what we do is that we aggregate all these positions regarding their rate component. And then there is a gap between the assets and the liabilities and we cover the gap. Generally, the gap is, in a sense, has a sign in which we need to complement and to book some swaps in which we pay the fixed rate. It means that we complement the customer liabilities bearing a fixed rate by these swaps in order to match as much as possible the level of rates that we receive, the level of rates that we have to pay and in order to leave only a marginal gap between both of them.

This is a macro hedging as opposed to what would be a micro hedging, in which we would hedge every element of the balance sheet individually. So this is this situation in which we have a significant portfolio of swaps in which, in aggregate, we pay a fixed rate which is known, and we receive the short-term rate which is varying every quarter or even every day.

When it comes to the tax rate and this additional tax, so it seems now that we have the final answer only this afternoon. But the government is not going to receive a nonconfidence vote in France. So it means that the Finance Bill is going to be passed. And in this Finance Bill, there is an additional corporate tax surcharge that will have to be paid by large French corporates as we are in 2025.

So it is clear that the level of corporate tax that we pay is going to increase in 2025. We do not see exactly where this is going to lead us in terms of amount, but what we can tell is that more or less it looks a little bit like the one we already had to pay back in 2017 with the same type of mechanism, which is leading to a charge that could be possibly, for the Group, between, let us say, €200 million and €300 million.

Then there is repartition of this burden between CASA, the listed entity, and the regional banks, which is not completely set because we are in the same tax integration group. It is way too early to tell exactly what it is going to represent. It is clear that we will have, in 2025, an additional corporate tax surcharge, and that hopefully is going to be a one-off.

I understand it was the last question. Again, thank you for attending the call, and looking forward to discuss with you soon. Bye-bye, everyone.

[END OF TRANSCRIPT]