



CRÉDIT AGRICOLE S.A.

Credit Agricole Fourth Quarter and Full Year 2022 Results

Thursday, 9th February 2023

Introduction

Philippe Brassac
CEO, Crédit Agricole S.A.

Agenda

Good afternoon to everyone. We can start with this meeting. First of all, I would like to thank you for being present or connected for this meeting. It is notably a good pleasure for me to meet some of you after three years of remote organisation for this kind of presentation.

In a few minutes, Jérôme will sum up the key or the main figures, the main metrics for Crédit Agricole S.A., both for the fourth quarter and for the whole year 2022. Actually, we shall try to answer to your questions. However, at this step, let me introduce Olivier Gavalda in this room, one of the new Deputy CEO with Jérôme Grivet since he was appointed in current summer last year.

Environment

Let me state a brief introduction speech to this presentation. I would like simply to come back first on the environment, the paradigm we have to face, and then on the situation of Crédit Agricole S.A. very briefly.

For the environment, for the paradigm we are living in, I would like to tell you that our diagnosis did not change at all since we launched our medium-term plan on June in 2022. Always, this very high level of opacity on the very short term, an opacity that is absolutely linked and due to the accumulation of many impacts of different shockwaves all around the world.

Normalisation of monetary policy

First of them, the necessary normalisation of the monetary policy, probably quicker than we thought, in terms of increase in rates. Then, of course, the war in Ukraine, the different turmoils about energy, both in terms of prices and even in terms of availability. Different geopolitical concerns you, of course, all know. However, the good points, the right ones, the positive points are, first of all, that risks are always still mastered.

Difficult to explain this point, but my idea, my assumption is that probably corporates succeed to adapt to this new paradigm more or less for most of them through pricing, probably. For households, and notably towards home loans and notably for Crédit Agricole within France, a very important territory for us, the fact that households are protected by fixed rates. Please do not underestimate this positive point for the economy and the impacts of banks. Risks are still mastered, of course, accepting the G8 consequences of the war between Ukraine and Russia.

Universal model of development of the Group

The second point - I would like to repeat this point and we would like for you to be convinced this is not a theoretical point. The universal model of development of the Group is made so that that this opacity does not entail any slowdown. I would like to be very concrete on this point. The fact is that we have on the very long-term three-way free axis to develop on a

commercial and then financial point of view. Each of these axes are, at the end of the day, create organic growth.

The first one is our ability to enlarge the range of offers linking or linked to the individual needs of customers and now to the collective needs of society. Our predecessors decided to launch insurance, then real estate solutions. Now, we are launching solutions for energy transition, for healthcare setups, and so on. The ability, being a bank of the global relation, to enlarge, in the very long-term, to new kinds of businesses, is for us a non-saturated axis on the very long term to develop.

The second one is naturally linked to the first one, our level of equipment. When you see our equipment rates, they are increasing, but they are absolutely not saturated. You can see our different market shares: the strongest one on savings and lending; the smallest one on the very new businesses. Our ability to cross-sell is linked to these differences. For us, we simply enlarge the global approach of our customer. This is very important and never saturated.

Creating and organising our business lines successfully

The third axis is the fact that we succeeded to create and to organise our business lines to serve these banks, as legal entities with their own autonomy. Each of these legal entities today are a main consolidator of their market in their business. Of course, we can speak about asset management, asset servicing, insurance life activity, consumer finance activity and so on. This proves that we have three axes. The range of offers, then the equipment, then the ability of business lines to develop partnerships on different countries, different other customers.

Commercial development pace

This is why we always insist that you look at our commercial pace in terms of development. Of course, we can see, and you can probably imagine, many headwinds to face. Notably in 2023, these headwinds, of course, exist. However, the main answer of Crédit Agricole Group to these headwinds is to face, to cope with, and probably to offset these headwinds and look at the development of Crédit Agricole Group.

The commercial development is very high and it is accelerating in the very long term. Just look at the main figures of our development. This is simply or mainly a matter of structure, architecture of the Group, in terms of offers, in terms of global approach of customers, in terms of ability of business lines to develop with partners. This is, regardless of the opacity on the short term, turned towards the very long term, and this is, of course, a singular discrepancy.

Summary

I have already stated that it was very surprising to have this high level of opacity in the short term and to be so able to see the future, at least the necessary future for 2030 in terms of energy transition, in terms of health setups for facing aging population, in terms of agri or agro process that have to shift, in terms of many things.

Fortunately or unfortunately, the long term is very clear in terms of what we have to do today and what we have to invest, and what we have to develop on a commercial point of view today -- that means as soon as 2023 -- for the future. Yes, clearly, the matter of

decarbonised energy, health setups or Agri transition, just to take this example, are immediate huge new drivers for business and, of course, new revenues.

This is for the vision we have, driving Crédit Agricole Group, about our paradigm in this opacity. However, the way to develop in the very long term is very clear. This feeds and fuels our development as soon as the present and notably for the next 2023.

Just very briefly a word about the situation of Crédit Agricole because, of course, Jérôme will be very concrete and very precise about this. Since I want to be very brief, let me try this exercise.

If I had only one figure to give to our shareholders about our performance, I think that altogether we could choose simply, at the end of the day at the summit of the Group, the profitability we succeed to reach above the equity that our shareholders give us: 12.6% in terms of return on tangible equity.

Only one figure, this figure because this is the sum-up of all the activities, all the efficiencies, all the mastering of the risk of Crédit Agricole Group. You perfectly know this is top, in terms of benchmark. I would like to highlight the fact that this is a regular performance for Crédit Agricole S.A.

I stop on this point. Jérôme, I give you immediately the floor to be much more precise than I was.

Fourth Quarter and Full Year 2022 Results: Introduction

Jérôme Grivet

Deputy CEO in charge of Steering and Control, Crédit Agricole S.A.

Record high Q4 net income, rolling out the 2025 MTP

Thank you, Philippe. Good afternoon, everyone. Happy to also share these results with you. I will try to make it brief in order to leave you time for your questions, of course. Let me start with this page on which, actually, you have all the main messages that we want to insist on when presenting those results. Actually, I could stick only to this page. Messages are here.

Historical Q4 net income

In terms of net profit, this has been an excellent Q4 for Crédit Agricole S.A. and actually the best Q4 ever with a record high level of profitability and a very sharp increase in revenues in all business lines.

All 2022 MTP profitability targets exceeded this year

It has been also a very good year. Let me just come back three quarters ago when we presented Q1 results. The net profit that we posted for Q1 was down 47% as compared to Q1 2021. What happened during the first quarter was the start of this war in Ukraine. We wanted to book significant prudent provisions in order to cover the risks incurred by us due to this event, so down 47%.

At the end of the first half of the year, the net profit was down 16%. The catch-up has started, indeed, quite rapidly. At the end of the first nine months of the year, net profit was

down 12%. Now, in terms of stated figures, it is down only 7%. It means that for the rest of the year, we have been regularly catching up with this very important level of provisions that we wanted to book in the first quarter of the year.

In terms now of underlying figures, which is, of course, more readable and more usable in order to understand the underlying performance that we have produced. The net profit is slightly up for the full year and sharply up for the quarter.

In terms of financial targets for the full year, it is the final year for the previous medium-term plan. It is the occasion for us to come back on the targets that we had set for this previous medium-term plan. Of course, we are there and above the target on all profitability items.

It is the case for the net profit: €5 billion as the minimum, we are at 5.5 billion. It is the case for the cost income ratio. We wanted to be below 60%, we are at 58.2%. It is the case for the return on tangible equity, Philippe mentioned it, we targeted to be above 11% and we are above 12.5% at 12.6%. It is a very, very solid set of achievements for this previous medium-term plan.

Let me finish this page with two additional elements.

Dividend €1.05 per share

The first one regards the dividend. We are going to propose to the General Assembly Meeting to adopt a dividend of €1.05, as was the case last year, a combination of €0.85 regarding the, I would say, normal payout policy plus the last €0.20, in line with what we had said regarding the 2019 skipped dividend.

Strategic operations continued in 2022

Last point, it is very important to keep that in mind. We have continued to be agile last year in order to generate new partnerships, new activities that are going to fuel our future growth, going forward.

CASA key figures

In terms of main figures on the next page, you have the main figures here, maybe one or two additional elements to complete what I have said on the previous page.

Revenue

On the quarter, we are posting very dynamic revenues up 4.4%. We post also positive jaws between the evolution of the top line and the evolution of the cost line.

Cost of risk

Second element, the cost of risk is up as compared to last year, but we will dig a little bit into the composition of the cost of risk. You will see that actually more than all of the increase is due to this Russia-Ukraine conflict.

Solvency

Then, in terms of solvency, for CASA, we now stand at 11.2%. Again, it is perfectly in line with our target of being at 11%.

Crédit Agricole Group key figures*Cost/income ratio*

For the Group globally, it is a very resilient level of profitability that we post above €8 billion for the full year on a stated basis and above €7.9 billion for the full year on an underlying basis. It is slightly down as compared to last year, but very modestly actually and perfectly in line with the global business model that Philippe was referring to in his introduction.

Solvency

Last point on this page, the solvency of the Group has further increased this quarter and is now at 17.6% for the CET1, which is, of course, one of the highest levels in the space of European banks.

Crédit Agricole S.A. Results – Summary**Activity***Dynamic customer acquisition over the year; organic growth engines running*

If I go now on this page, which you know perfectly because we have had many occasions to comment this chart but it is, again, an occasion to illustrate how we are producing this constant growth.

We have been attracting new customers this year, 1.9 million new customers for the full year in our retail banks in France, Italy and Poland. Very dynamic increase of the customer base.

We have been very present, vis-à-vis those customers, in lending to them because the production of new loans has increased by close to 6% year-on-year.

We have continued to increase the equipment rate of these customers with the different products and services that we manufacture within the Group.

We have enhanced permanently the scope of offers that we propose to those customers.

Revenues*Strong increase versus an already record year 2021*

Let me now zoom a little bit on the breakdown of the revenues in 2022.

I think what is interesting on this page is, first, to see that we have been increasing the top line, both on the quarter and on the full year.

Second point, this increase has been the case for all business divisions: Asset Gathering, Large Customers, Specialised Financial Services, and Retail Banking activities.

Third point, it has been the case, actually steadily since 2017 and probably a little bit before 2017. This is this famous chart that we published on the right-hand side of the page. Every quarter since 2017, we have been able to post a level of revenues that was above the level posted the previous year the same quarter. It is a very, very proven capacity of growing the revenue base of the Group that is illustrated by this chart.

Expenses

Positive Q4/Q4 and 12M/12M business line jaws

Coming now to the management of the cost base. Of course, the cost base has increased this year, has increased on the full year and on the quarter, but maybe one or two additional elements that you must have in mind when assessing the cost base.

First point, in Q4, we have managed to post positive jaws globally for the Group.

Second point, for the full year, this has been also positive jaws for the business lines alone. When it comes to the Corporate Centre, we will probably have occasions to discuss that. We have many technical elements, restatements, some of them being non-cash elements. It is more relevant to really assess the situation on the basis of the business lines. This jaws effect has been positive for the business lines globally for the full year.

Then, third point, when we analyse more precisely what is the origin of the increase of the cost base of the business lines, plus €380 million around, it is made of three main parts.

A forex effect which is absolutely unavoidable, which is linked to the fact that the euro has depreciated as compared to the dollar, especially. This represents an additional cost for us above €100 million.

We have continued to invest in IT and the development of new setups €190 million of additional costs.

Then, of course, we have had to increase the salaries. Exceptionally, we have made an effort to increase them in the course of the year, middle of 2022. All in all, this represents an additional €130 million of additional costs, including a one-off, which is a specific premium that is going to be paid to the employees beginning of 2023, but has been booked end of 2022 for close to €30 million.

Gross operating income

GOI sharply up, cost/income ration well below MTP target

This is leading to a situation where the gross operating income is up both on the quarter and on the full year. It is even more the case for the business lines only outside the Corporate Centre, again, for the same reasons I already mentioned.

The cost income that we published at 58.2% is far below our target, our ceiling and is also far below the average of our peers in Europe.

Risks

Cost of risk below the 2025 MTP assumption

Going now to the cost of risk. Of course, it is better to analyse the cost of risk business line by business line.

Nevertheless, if we start by assessing it globally, on CASA first, it is an increase as compared to 2021, plus 35%. Actually, however, close to half of this cost of risk is linked only to the events in Ukraine. It means that outside this event, we would have posted the cost of risk decreasing slightly compared to 2021.

It is exactly the same on the perimeter of the Group globally, where we have indeed a slight increase quarter-on-quarter and a more sharper increase full year-on-full year. However,

definitely, the biggest part of this increase is linked to the consequences of the war in Ukraine.

In addition to that, we have continued, both for CASA and for the Group globally, to add up some provisions in the S1 and S2 buckets, i.e., provisions on sound assets.

Asset quality

High GCA and CASA loans loss reserves

This is what you see on the following page because actually, the proportion of nonperforming loans in our books continues to be very low, 2.7% for Crédit Agricole S.A., 1.7% for the regional banks, and globally for the Group, 2.1%.

This explains why with the same amount globally of provisions for CASA, €9.3 billion of provisions, all in all, in our balance sheet, we have increased quite significantly since the outbreak of the COVID crisis. We have increased the proportion of S1 and S2 provisions within this amount, which remains globally more or less stable.

When it comes to the coverage ratio, it apparently decreases a little bit, but it is completely explained by one specific file that I will not name that has been transferred from S2 to S3 in the fourth quarter with an average level of provision, which is below the average of the S3 provisions for reasons that are perfectly in line with this specific file.

Very high coverage ratio, diversified loan book

This is leading to the situation where, again, the coverage ratios, both for the Group and for CASA, are amongst the highest in the European space. They apply to a portfolio which continues to be very diversified and, again, very sound.

Net income Group share

Excellent quarter, record 2022 net income at €5.5 billion, up sharply over the past two years

This is leading to the net income posted by CASA, both for the quarter and for the full year.

On an underlying basis, it is up 6.7% on the quarter and 1.3% on the full year, up on the basis of a reference in 2021 that was already very high and that was already a record year.

If we assess this performance on the basis of 2020, you see that the increase is, of course, much sharper, plus 57% in the quarter and plus 42% on the full year.

Last point, on the full year, what you can see is that all business lines have posted an increase in their bottom line.

Financial strength

CET1 CASA 11.2%, integrating €1.05 per share payout

Let me go now to the solvency, starting with CASA.

On the quarter, actually the, I would say, normal course of business, recurring course of activity would have led the CET1 ratio to the level of 11.4%. We have taken the decision on the basis of this figure to top up the normal dividend of €0.85 with this additional €0.20 that we wanted to repay to our shareholders, with regards to the 2019 dividend that we had to skip because of the decision of the ECB.

How this positive evolution over the quarter took place?

First, the level of results and retained results generates close to 20 bps of capital.

Second point, there has been a very active and very positive evolution of the RWA consumption by the business lines, especially by CACIB. This is leading to an additional 19 bps of additional solvency.

Last point, M&A, i.e., the deconsolidation of Crédit du Maroc generated an improvement of around 12 bps of our solvency. The OCI evolution of the insurance activities in this quarter were actually quite stable. This is leading to a hit of only, let us say, 2 bps.

Then, last point, this dividend add-on represents an additional 20 bps of solvency consumption. This is why we went from 11% to 11.2% over the quarter.

CET1 above the 11% target despite the hike in rates in 2022

For the full year, we were at 11.9% beginning of the year. We ended the year at 11.2%. It is a decrease of 70 bps, out of which 100 bps in connection with market effects. It means that outside those market effects, we will have posted an improvement of the CET1 ratio.

CET1 ratio excluding unrealised gains and/or losses

Last point, of course, we started the year with, I would say, an unrealised capital gain within our solvency that was due to amortise progressively. We end up the year with a negative element in our solvency, which is going to amortise over time. It means that going forward, all things being equal, we have some further improvement of the solvency.

Strongest capital structure

At the level of the Group, of course, a very high level of solvency with the same elements playing over the quarter for the Group: retained earnings plus RWA evolution of the business lines, plus M&A, plus the dividend top-up for CASA, plus also we take into account the decision of the majority shareholder to buy €1 billion of CASA shares in the course of 2023.

CET1 CA Group 17.6% (+8.7 pp > SREP), 17.2% fully loaded, with best capital position among G-SIBs in Europe

As the decision has been taken and announced, it is already impacted in our solvency. Despite all these elements, the solvency improved from 17.2% to 17.6% with the highest distance to SREP amongst the European banks. For CASA, the 330 bps of distance to SREP, again, a very comfortable level.

Profitability

Very strong 2022 return on tangible equity (ROTE) at 12.6%

Profitability, we have already mentioned the figure of 12.6% for the return on tangible equity.

What is interesting to note, in addition to that, is the fact that this overperformance, as compared to the space of European banks, is a regular feature for CASA. It has been now at least six years in a row that we publish a return on tangible equity that is at least 2.5 percentage points above the average of European banks.

On the right-hand side of the page, you have, just as a reminder, the sequence of dividends that we have been paying on the basis of CASA's results.

All financial indicators are in line with the MTP targets

Continued adaptation to the new rates context in 2023; confirmation of all financial targets in 2025

These elements have already been mentioned. We are, of course, perfectly on line with the target that we had set for 2022, but we are also *en route* and well on our road to 2025 targets.

Deployment of the Medium-Term Strategy**Strategic operations continued in 2022: Partnerships and acquisitions**

During this year, it is not only been a very efficient year of activity, but it is also been a year when we have been agile. We have taken a lot of initiatives in order to further enhance our revenues and our development, going forward. We have taken three examples of those initiatives that we have taken.

Q2 2022: CACF/Stellantis framework agreements

Of course, the restructuring of the partnership that we had with FCA Bank, which is now transformed into a very, very promising partnership with Stellantis for the development of car leasing over Europe.

Q3 2022: MoU for acquisition by CACEIS of European asset servicing activities of RBC

Second point, the negotiation and the signature of an agreement with RBC in order for CACEIS to purchase their European activities, which is going to be completed middle of this year.

Q2 2022: CASA acquisition of a stake in Banco BPM

Last point, the signature end of December of an agreement with Banco BPM through which Crédit Agricole Assurances is going to purchase 65% of their non-life activities in order to develop, in the long run, the distribution of non-life and protection insurance products in the network of Banco BPM.

All these initiatives are going to represent at least €150 million of additional net profit in three years' time.

Societal responsibility 100% integral to our model

We have continued to develop our model. I am not going to describe all the examples that are on this page, but we have continued to develop alongside these three main elements which are key to our model: utility for all customers, i.e., the development of offers that can fit the needs either of the wealthiest customers or the most fragile customers; contribution to the development of all the territories in which we are implemented; and of course, enhancing our support to the energy transition of all our customers.

Crédit Agricole S.A. – Business Lines

Asset Gathering and Insurance

Sustained activity, increase in net income

I am going to zoom now a little bit in what has been the main features of the different activities of the business lines of CASA over 2022, starting with the Asset Gathering and Insurance activities.

Globally, for the business division, it has been a very positive year with positive inflows over the year, plus a net profit of the division that is significantly up for the quarter and also up for the full year.

Insurance

Sharp rise in net income Q4/Q4 and 12M/12M

Inside this business division, Insurance activities, it has been, all in all, a good year, commercially, with net inflows in the life insurance business and, again, some market share gains for the non-life activities, both P&C and protection activities.

In terms of financials, a very, very good year with a sharp increase in the net profit on the quarter, but also on the full year. Of course, the Insurance activities are going to encounter a very profound modification of the way they are going to report their financial figures, starting this year with IFRS 17. We have, in this pack of documents, a few slides that illustrate what we can say from now on about this. However, I think this is going to be a recurring element of our discussions, going forward, over 2023.

Asset Management

Resilient business, increase in Q4/Q3 net income

You perfectly know Amundi's results. They have been published yesterday, and I think that they have been well received by the market. The business has proven resilient over 2022. It has been a difficult year, market-wise. Nevertheless, Amundi managed to continue to attract new inflows.

Amundi continued to be able to adapt to this new environment, adapting its cost base and improving its net profit on Q4 as compared to Q3. All in all, for the full year, the net profit is only very slightly down. The cost income ratio continues to stand at a very attractive level of around 55%.

Large Customers – CIB

Record performance in Q4 and over the year

It has been a very, very active quarter for CACIB with a record high level of revenues, both in capital market activities and in financing activities, especially in ITB transaction banking.

CACIB posted very positive jaws, both on the quarter and on the full year, and ended the year with a cost of risk which was almost zero, with a combination of loan loss reserves reversal and some additional provisions, of course. However, this is the normal course of business. At the end of the day, the cost of risk for the full year remains quite benign for CACIB despite the Russian-Ukraine environment.

Large Customers – Asset Servicing

Strong increase in net income, thanks to the rates environment

This is one of the businesses in which we benefit immediately from the increase in interest rates. At CACEIS, the assets under custody or under administration reduced a little bit in value because of market movements. Nevertheless, as treasury is more and more remunerated, globally, revenues are significantly up and the profit of CACEIS is very significantly up over the quarter and the full year.

Specialised Financial Services

Dynamic commercial production and excellent operational efficiency

Commercially, a very good quarter and, all in all, a very good year. The production of new loans increased over the quarter. The loan portfolio increased over the full year also. Margins are a little bit under pressure, but the volume effect is compensating the price effect. All in all, revenues are stable. The cost base is well managed.

Cost of risk increases a little bit. Nevertheless, the net profit is up for CACF in the quarter and around flat for the full year, which is a good performance. For the Leasing and Factoring activity, also a very high level of revenues for the quarter and the full year and net profit, which is significantly up.

French Retail Banking – LCL

Buoyant activity, income sharply up year on year

Going now to French Retail activities with LCL. LCL has had a very buoyant activity for the full year and for the quarter with a high level of new customers captured, close to 350,000 new customers for the full year, with a level of activity that is characterised by a significant increase in the loans outstandings, plus also an increase in customer assets despite market effect on the off-balance sheet assets.

Of course, we start to feel a little bit the pain of the shrinking of the net interest income. Despite that, we have managed to post an increase in the top line globally for the full year, a cost base which continues to be very well under control. Cost of risk, which continues to be quite benign. All in all, for the full year, a net profit, which is up 13%.

International Retail Banking – Italy

Strong business momentum, strong increase in net income

In Italy, it is a different business model. The activity has been very dynamic even in the fourth quarter of the year. However, what is really important to note is that the top line increases very sharply in this fourth quarter. It is plus 14.5%. This is leading to a very significant increase in the gross operating income.

Cost of risk remained very well under control globally, plus 11% or 10% for the quarter and the full year, at a level which is far below the average that we have in mind across the cycle. All in all, a very significant improvement of the profitability, also taking advantage, of course, of the completion of the integration of Creval in our setup.

Crédit Agricole Group in Italy

Development in Italy, the Group's second domestic market

On this page, you have a presentation of all our activities regarding Italy. Again, this continues to represent a very good 15% of the net profit of CASA. It continues to be a very active, important and developing market for CASA and all its activities.

International Retail Banking, excluding Italy

Crédit du Maroc: Disposal of control on 07/12/2022

The rest of International Banking activities, we have, of course, to distinguish a little bit because this quarter has been the quarter of the deconsolidation of Crédit du Maroc. It is no longer a business issue, a business subject.

CA Ukraine: Q4 earnings zero, increase in loan loss reserves

When it comes to Ukraine, it is a good level of activity considering, actually, the situation, i.e., we post a gross operating income that is progressing significantly. However, very prudently, we use all this gross operating income to complement the loan loss reserves that we book locally. This is leading to a situation where Ukraine is producing a result around zero.

Strong growth in earnings in Poland and Egypt, with net income +130% Q4/Q4, buoyed by NII

Then, when it comes to Poland and Egypt, two markets where the activity is good, where the rate curve is very steep. This is leading to a sharp increase in revenues and a low cost of risk.

Corporate Centre

2022 net income in line with the 2025 MTP target greater than -€800 million

This quarter, on the structural part of the Corporate Centre, we have a challenging base effect because last year in the fourth quarter, the private equity investments that are booked in the Corporate Centre posted a very high level of revenues. We are now posting more normal level of revenues. Nevertheless, it is nothing worrying regarding that.

In the volatile part of the Corporate Centre, there is this elimination of intragroup securities between CASA, Amundi, and Prédica that generates this quarter a negative element of revenues. However, this is going to be the last quarter when we have to report about that because thanks to IFRS 17, this element is coming to an end. It is not going, any longer, to impact our P&L.

Crédit Agricole Group

Regional banks

Buoyant activity, increase in provisioning of outstandings

Going now to the regional banks of Crédit Agricole outside the perimeter of CASA but, nevertheless, very important for the Group, definitely.

Again, it is very satisfying to see that the activity was good, was quite buoyant, development of the customer base, development of the loan book, development of the customer assets.

This is leading to a further improvement of the capacity of CASA's business lines to propose their services to the customers of the regional banks.

Underlying net income impacted by unfavourable market effects and increased cost of risk

The cost of risk at the level of the regional banks appears to be sharply up as compared to last year. Definitely, they have continued to book a very high level of S1 and S2 provisions. You know their very prudent approach regarding risks. Nothing worrying regarding this evolution in the cost of risk, which continues to be, all in all, low, compared to any kind of standards.

Liquidity and Refinancing

Liquidity and refinancing

Comfortable level of reserves and liquidity indicators

Let me go now very quickly on liquidity issues simply to mention that we have been repaying a significant amount of TLTRO end of last year in December, around €70 billion. Despite that, we continue to have a high LCR level above 160%.

We continue to have a very important, very ample excess of stable resources as compared to stable assets. We continue to have a very high level of liquidity reserves, which are of different categories, as explained on this chart.

Liquidity and refinancing

€21.1 billion in MLT market funding issued by Crédit Agricole S.A. in 2022

Last point, market funding. Last year's programme has been increased in the course of the year due to this quite sharp modification in the monetary policies over the world. We have decided to be quite active in raising market funding.

We have raised last year in excess of €21 billion of market funding at the level of CASA and close to €50 billion at the level of the Group globally. We have started very actively this new year by issuing, at the level of CASA, close to €6 billion of new debt in the single month of January.

IFRS 17

Insurance business line – transition to IFRS 17

I think I will stop here. You have in the rest of the document, a very detailed presentation about IFRS 17. Maybe just I can summarise what is important to note regarding IFRS 17 with two or three ideas.

No effect on insurance solvency, but positive effect on bank solvency

The first idea is that day one, the transition to IFRS 17 is going to create an additional 15 bps of solvency at the level of CASA.

No foreseeable significant deviation in earnings trajectory

Second point, going forward, we do not foresee any significant deviation in our earnings trajectory in the insurance business as compared to what it would have been under IFRS 4.

Strong drop in cost/income ratio

Third point, as you already know it, we are going to have a shrinkage, I would say, of both revenues and costs at the level of our Insurance activities because part of the costs of the Insurance activities are going to be directly impacted on the top line.

This is going to reduce significantly the cost/income ratio at Crédit Agricole Assurances down to probably around 15%. It is going also to improve, all things being equal, the cost/income ratio at CASA by around 1 percentage point. However, of course, we will have to come back on these transformations over the course of next year when we present a different quarter starting next May.

I think I will stop here and will take with Philippe and Olivier, of course, your questions.

Q&A

Philippe Brassac: My proposal is to start with the room. Tarik, you can ask your first question.

Tarik El Mejjad (Bank of America): I have two questions, please.

The first one on cost of risk. In 2022, you were below your 40 basis points through the cycle cost of risk despite, as you mentioned, the special year with the higher Stage 1 and 2 provisions and so on. Going forward, do you think you still need to guide for 40 basis points? The risk of your business is definitely below 40 basis points. Is that because you want to risk more your business and keep guiding for 40 basis points? Or we should think that you will deliver below that? That is the question one.

Secondly is on capital. Clearly, you moved out from the 11% kind of dangerous zone, I would say. Do you feel you are constrained in your capital level to grow, actually? In your introductory remark, Mr Brassac, you mentioned that the Group has a lot of capacity to grow because of different reasons. Do you feel there are really some businesses that you see that you would like to capture their quality profitable, but your level of capital does not allow you to really grow?

Then, maybe the attached question to that. Can you work with the Group to actually help fund in a certain way that potential growth might come?

Philippe Brassac: Perhaps, I will try to answer to the first question. Of course, Jérôme will be much more precise than I can be.

About cost of risk, I will come back on my explanations. It is difficult to explain because cost of risk is part of our business. First of all, this is a characteristic of the environment. What we see about our different markets is that for corporates, costs of risk are really mastered, not only for Crédit Agricole Group, but for many European and a little bit, French banks. Our conviction is that bank corporates have adapted their model to this level of opacity. Most of them can adapt through their pricing towards the environment.

The second point, and I do underline this point, is that for the outstandings of home loans for households, our households are protected by fixed rates. This is not exactly the case in every bank, of course, but this is very important. Most households cannot adapt their revenues to pay 2%, 3% or 4%, if they were able to pay for 1%. You can adapt your new loans with

people able to pay for 2%, 3% or 4%, but not with people for which you were only sure they could pay for 1%.

An important part of the stabilisation of risk is probably that corporates have adapted their business model with a huge financial support of states, we can say that. Then, households, very important, of course, for the balance sheet of banks in France, notably in France, are stabilised by fixed interest rates. Of course, this is not simply positive in terms of impact, but this point is very positive.

I think that Jérôme's answer to you will confirm. We do not change our assumptions and our targets for 2025. However, my main explanation is on the reasons of these assumptions.

Would you like to add something about on the cost of risk?

Jérôme Grivet: No. Just simply to correct a little bit what you said, Tarik, 40 bps is not a guidance, it is an assumption. Even with this assumption of cost of risk, we would be able to reach our financial targets for 2025. It is not a guidance. It is not an indication of the cost of risk that we foresee for the next year or the coming year.

Of course, what Philippe said is very important. The households, for their home loans on the one hand, and the corporates, for their loans on the other hand, are two very important components in our loan books. For those two categories, for different reasons, we are very confident that actually the cost of risk is going to remain very benign, going forward.

When it comes to the capital ratio and what you call capital constraint, 11% is, again, a target and not a floor. We have said it many times. We do not feel that being at 11% is the death zone, to use your expression.

You may have seen in the past years and you may see in the coming year, actually, that we are able to use our capital generating capacity to finance acquisitions. We have financed several acquisitions in the last few years. Again, for 2023, we foresee a new acquisition that is the acquisition of the European activities of RBC. This is going to represent somewhat between probably 10 and 15 bps of capital. It is absolutely not a constraint for us.

Actually, what we have proven in 2022, and we have a slide on that, is that the organic capital generation capacity of CASA is significant. When you post a return on tangible equity of 12-and-something percent and when you have a payout policy of 50%, it means that you have around 6%, by definition, that is free, that is here available to finance the growth. We have absolutely no constraints.

Last point, you have mentioned it yourself. We have perfectly the capacity within the Group if something bigger needs it to organise somehow inflows and outflows of capital in order to absorb it. At the level of the Group, 17.5-plus is, of course, a massive capacity.

Philippe Brassac: It is a surprise that I often hear this concern about the level of capital. I do not come back on the fact. You perfectly know that, in terms of solvency, we are the only share within the global Group at 17.6% of solvency. Then, it is very safe. We are able to not be too high, in terms of solvency, for our shareholders. You cannot get 12.6% of ROTE at 11% of CET1, and the same profitability for 15% or 18% or 20% of solvency.

However, I would like to explain this point. Let me repeat that I am really very surprised that this can be a concern for the market. Usually, more and more capital is the job of supervisor.

I am currently the Chairman of the French Federation of Banks. We try to explain that they must stop. They must stabilise the level of capital required because if you go higher and higher, it is captured by supervisor. This is not for the economy nor for the investors. It is very strange that we can look at this mood shift from the market, looking at the level of capital, even if this is very comfortable towards requirements.

Let me repeat that for us, for our shareholders and certainly for the manager with the shareholders, even 11% is very profitable. Very profitable. It is not so high, not so low. We try to drive Crédit Agricole S.A. around this number.

I have been working in the Crédit Agricole Group for a long time, but I know supervisors, at least since 2007, since the very beginning of Basel III. The level of capital was at 5%, 6%, 7%, then 8%, 9%, 10%, 11%. Now, if you say, Why not 12% because this is the average of the other and then 14%, this is against you, against the market.

We try to explain the level of capital. Whatever could be the level must be stabilised because this is, at the end of the day, captured by supervisory defenders. It is very important for me to try to convince you about this point. Of course, we are very clear on our policy and we do not change this position.

Please, Jacques-Henri?

Jacques-Henri Gaulard (Kepler Cheuvreux): Yes. I am going to bounce on the question of my respected colleague and take your viewpoint for a second.

First, would it not be completely counterproductive to rearrange stuff within the Group, considering that what you have done when you arrived is basically make sure that you did not have all those circulars, etc.? That is point number one. If we are comfortable about the capital on our own, why should we even bother looking at the Group?

Question number two. Since, as you said in the slide, some of your, I would say, negative impact obviously is going to be reverted, why not saying, 'Okay. For everything which is above 11%, I am repaying you back in dividend what is above that.', to show that your properly capitalised?

Jérôme Grivet: Yes, it is a good idea. I heard about banks that had set that kind of target that everything that is exceeding a certain level of capital is going to be repaid in dividend. This story does not inspire me a lot, as you may understand. Nevertheless, what is true is that we do not want to build up capital on capital.

What we want to do is to be as agile as possible and as precise as possible in the management of our solvency in order to allocate what is available to fuel the growth. Up to now, I think it has been quite efficient and we have been effective in doing so.

For the time being, what we are discussing and what we are presenting is the dividend regarding 2022. We think it is an attractive dividend for all the reasons I have mentioned. We will see what we do, going forward.

Philippe Brassac: Perhaps one of the reasons of your question is that perhaps you do not appreciate at the right level, the fact that we are moving, in terms of acquiring positions and the selling of the positions. However, at the size of Crédit Agricole Group, we like incremental shifts, in terms of acquisitions, in terms of selling positions.

Some questions about the capital, it is just like our perimeter could be stable. It is not. When you look at our different joint ventures we signed about the future development are about, for example, Credit du Maroc for the fact that we are going out from this bank, you can see year after year that we are really moving using the level of capital we have.

Another point and last point for me about the capital is the fact that I am always surprised about giving back the capital. We need the right level of capital. We need to regularly pay our shareholders, in terms of value of the share and value of dividends.

However, for Crédit Agricole Group, the story will not be the same. It is a very long-term development. When you look at the trajectory of Crédit Agricole Group, including revenues quarter by quarter, we have given you something to see for 2025, and explained 2030. Our successors will continue to do so in the future. However, for a corporate giving back the capital, it is quite strange. I do not know what to do with it. I do not know on what I can invest to get usefulness for the society and profitable revenues. It is very strange.

I think I do not want to criticise around us, but simply, we are giving you a very long-term trajectory, based on the past, and for the future. We try to be in a balanced situation, and in terms of means we use both for liquidity and equity. I think that with this incremental vision to develop, we succeed in having something very, very regular, including the return on tangible equity to which investors are generally attached.

Delphine?

Delphine Lee (JP Morgan): Good afternoon. Thank you for taking my questions.

My first question is on capital. Just to come back on the regulatory impact and just to confirm, is it still 30 basis points for TRIM? I just wanted to understand on IFRS 17 this big change in the quarter because you previously guided to a more negative impact than a positive one. What has changed, in terms of your approach of methodology, which is so dramatic?

Then, my second question is on French Retail. Just wanted to get some colour from you because we have heard what Socgen has said yesterday, which was quite prudent. Just wanted to see if you, on the other hand, believe you can grow in French Retail this year? Thank you.

Jérôme Grivet: Thank you, Delphine. On capital TRIM, what we expect now, it is, of course, modifying permanently because the basis on which we compound the calculation is evolving permanently. However, what we foresee now for 2023 is an additional €4 billion of RWAs. It should be around 10-plus bps of capital. Actually, probably the 30 bps that you have in mind with the combination of 2022 plus 2023. We have now remaining around 10 bps-plus for 2023.

IFRS 17, we have not changed at all the methodology. What has changed is the sign in front of the unrealised capital positions of Crédit Agricole Assurances because one of the effect of IFRS 17 is that actually part of the OCI reserves is going to be directly affected to the contractual service margin and no longer to the equity, to the capital position. It means that we are going to offset part of the unrealised capital losses.

Initially, we thought it was against unrealised capital gains, but we are going to reduce a little bit the unrealised capital losses that, for the time-being, weigh on our solvency. If you

reduce the negative element, this is generating an improvement of the solvency whereas when it was an unrealised capital gain, we were going to lose part of the intangible component in our solvency. This is the only reason, actually, why the negative impact has transformed into a positive impact.

Philippe Brassac: I would like to try to answer the second question about Retail Banking. Let me try to restate once again the view that is very different for us of what you call Retail Banking.

Either you consider that this is a singular and standalone activity, Retail Banking, just like you have the Insurance activity or Asset Management activity or you consider this is the structural organisation of the Group. This is simply the basis of the global relation with our customers on which we plan all the business lines that can develop their different business. That means that in this case, you cannot ask Retail Banking, in terms of development. Then, what about Insurance? What about Consumer Finance?

We try to be very simple. I do consider that Retail Banking, as a single activity, does not exist. It cannot exist. The only thing that can exist and develop and we succeed in it is the global relationship in more and more remote proximity, but very often in really geographical proximity is to advise and to follow and to accompany customers, households, the small business and the large corporates on the large range of their needs. That means this is a rule.

Of course, we have to give you the breakdown of revenues, net income, and so on. However, if you want to appreciate what you call Retail Banking, you must appreciate the whole direct activities of banks within their balance sheet, loans and savings. Then, you have to add the revenues that are added to Insurance activity, to Asset Management activity, to Real Estate Solutions activity, and so on.

What you can see, I think the most important criteria is the acquisition of new customers. I am not sure we have given you that we are increasing and increasing each year about this. 1.9 million new customers in bank of proximity within Crédit Agricole Group in 2022.

This is increasing in the last four years. This is a rule. Of course, we have to give the breakdown of this activity. However, if you ask something about Retail Banking, you must appreciate the global model of the universal bank. This is very different. Of some banks that could arbitrate between a huge CIB activity or just Insurance or just Retail Banking. In this case, this is only remote banking with a very low level of profitability, when there is profitability.

To answer your question, we are always very confident on what you call Retail Banking because we are confident on the development. We do report the development of the whole Group of Crédit Agricole based on the global relationship with customers and territories.

Jérôme Grivet: Maybe one last point on this. It is very concrete. Our so-called Retail Banking activities in the perimeter of CASA-LCL is not engaged into any kind of massive restructuration.

We can take questions from the phone-connected people.

Flora Bocahut (Jefferies): Good afternoon. Thank you for taking my questions.

The first one is regarding the revenues in Insurance. Obviously, I know they can be volatile from one quarter to the next. I know you usually tell us to focus on the net income. However, both the revenues and net income were particularly high for that division this quarter. You mentioned in the slide pack that there were write-backs on technical provisions, which you say are linked to higher rates. The question is, to what extent this is sustainable versus a one-off stock effect that we saw in Q4? In other words, what run rate can we expect from here for Insurance on revenues and/or net income?

Then, the second question is going back to a capital question. You had told us before that on OCI reserves, we would see a pull-to-par effect, which is fair enough, given the significant OCI losses during 2022. With the new guidance on IFRS 17, does that mean we will still see the pull-to-par effect? How big could it be on top of the 15 bps positive from IFRS 17, please?

Jérôme Grivet: Two good questions, Flora. The first one regarding the sustainability of the level of profitability of the Insurance business. Clearly, going forward, if the level of commercial activity remains where it stood in not only last year, but in the last several years, what we foresee even under the new accounting standards, is, more or less with maybe some increased volatility, the same earnings trajectory.

You perfectly know that it is a little bit strange, but it is the way it works. When it comes to accounting in Insurance activities, we generally start with the bottom line and then we go up within the P&L. It means that we have the capacity in order to achieve the type of bottom line that is in connection with the level of activity. We have the capacity of playing on different elements in the top line.

It happens that this quarter, due to the increase in rates, the level of provisioning of certain long-term life risks, longevity risks could be less provisioned. We were able to write back provisions. Of course, we have the capacity to compensate the absence of those write-backs going forward by, for example, the capacity of extracting more financial margins from the life insurance activities, which we did in the past, which we did not do this quarter.

All these elements are elements in which we play in order to provide a quite foreseeable and stable earnings trajectory for the Insurance activities. For me, it is quite sustainable as long, of course, as commercially, we continue to be able to increase the level of outstandings and the number of policies.

When it comes to the pull-to-par of OCI reserves, of course, what is going to be integrated in our solvency day one, on 1st January 2023 is not going to be available any longer for the pull-to-par. I do not have the precise figure in mind, but I think we would have somewhat around 50 bps of negative solvency in our 11.2% level end of 2022 in connection with the OCI reserves of the Insurance activities. If we day one take 15 bps out of that, the pull-to-par is going to apply only on the remaining part, which is 35 bps.

Flora Bocahut: Okay. Thank you.

Jérôme Grivet: Thank you, Flora.

Pierre Chédeville (CM-CIC Securities): A question regarding Consumer Credit. One of your competitors and you too mentioned the margin pressure. I wanted to know how do you

see the cost/income ratio evolving in the coming months? Do you have specific measures to balance this margin pressure as some of your competitors tend to take?

More generally, regarding cost, I was curious to know what is your policy regarding centre services abroad. Once again, some of your competitors are developing a huge centre in services abroad like in India, for instance. Could you refresh me regarding your setup on these types of organisations? Do you have any project regarding that?

Regarding Insurance, I was curious about the impact of Nat Cat (Natural Disaster) this year on your combined ratio, in terms of amount, if you give it, or in terms of impact on basis points on your combined ratio. Have you increased your premiums in order to balance this effect for next year? Do you see some flexibility to improve your premiums? Thank you very much.

Jérôme Grivet: Yes. I think the common answer I could provide to your different questions would be to say that we are far more working on the basis of permanent adaptation rather than on a strong restructuration at different moments in time. It applies to the cost base of the Consumer Credit business. We perfectly know since now several quarters that it is going to be a little bit more difficult for Consumer Credit activities, especially in countries like France, where you have the usury rate that is putting a constraint on the capacity to increase customer rates.

We are permanently adapting this setup. We did it also at LCL in the past without any big restructuring plan. Actually, the number of staff at LCL reduced regularly over time smoothly without any difficulty, without having to engage into hazardous operation of restructuration. Clearly, this effort of permanent adaptation that is going to help us smoothen the evolution at the Consumer Credit business entity. Just as an illustration of that, in 2022, the cost/income ratio at CACF is around 50%, a little bit less than 50%, actually, which we deem is a very, very competitive level.

We have centres of services abroad. Actually, we have two main centres abroad. We have one in Singapore, which is mostly dedicated to CACIB. It is working on IT development and IT servicing activities. We have one which is multi-business, which is in Portugal, which is covering, I think, some back-office activities and IT operating activities. No development, but really IT operating activities for different businesses of the Group.

Again, it is not a decision that we are going to take and one-off, that is going to lead to put 1,000 people abroad. Permanently, we assess what would be the best decision for us in terms of allocating our staff and improving progressively the efficiency of our setups. We have absolutely no in-principle, I would say, position against that type of organisation. Simply, it is not a one-off policy that we would decide at a certain moment in time.

When it comes to Insurance and Nat Cat (natural disasters), of course, the beginning of the year was a little bit difficult for Pacifica, which is the P&C insurance company of the Group, because we have had in France several significant weather events that generated a high level of claims on different policies. The combined ratio increased this year up to 98-something percent. It started to decrease a little bit in the fourth quarter.

Again, it is a permanent effort of adaptation. We have taken into account those weather events and the cost of those events in the evolution of the pricing grid of our policies for 2023

without any specific difficulty. It is a smooth evolution and no strong modification in our stance.

Pierre Chédeville: Okay. Thank you. All is good.

Matthew Clark (Mediobanca): Good afternoon, everyone. First question on CIB risk-weighted assets. Maybe you could just explain how you managed to get them down so much in the fourth quarter? I guess the question is, is this just normal seasonality and customer demand that led to them to decline? Did you have to work in order to get them to move down so much in just a quarter?

Next question is on the Corporate centre revenues. There are a couple of, I think, new items there that you highlighted that led to a negative impact this quarter. I think some intragroup securities and then also an inflation effect on ALM. Maybe you could just help us understand whether these effects are going to recur in future quarters and also whether we should be viewing them in combination with offsetting impacts elsewhere in the Group or in other line items? Thanks very much.

Jérôme Grivet: Okay. Let me start with the Corporate centre because to be frank, the line was not so good and we did not fully understand your first question.

The Corporate centre, as I already explained, I think, a few quarters ago, this is a place where we have to book some Interco restatements. This quarter, we have had significant Interco restatements regarding debt that is issued by CASA and that is subscribed either by Amundi vehicles or directly by Prédica, which is the life insurance company of the Group, in order to put together financial products that are unit-linked products that are sold to customers.

Considering the fact that the booking and the accounting of those debts is not the same within CASA as an issuer and in the different vehicles that purchased those bonds as an investor for the sake of investors, we have some differences that we have to offset at the level of the Corporate centre. Depending on the evolution of rates and credit spreads, we can have positive and negative elements, which are booked in the Corporate centre.

This quarter, this represents quite a significant amount of negative NBI, around €150 million, if I remember correctly the figure. This is, of course, putting some volatility, which is absolutely non-cash, of course, within the Corporate centre. This is going to come to an end with the implementation of IFRS 17. We will no longer have this volatility within the Corporate centre, going forward.

The first question, actually, was regarding the RWA evolution at CACIB. I think that the answer is that it is a combination of three elements. The first element is that we permanently ask all our business divisions and CACIB as well as the others to optimise and to actively manage their RWAs in order to generate the best possible reward on capital invested in the different businesses.

Of course, when CACIB undertakes actions in order to optimise the RWA consumption, sometimes it takes the form of operations that need to be prepared for a certain amount of time. Then, when they are delivered, when they are triggered, this is generating, one-off, a significant amount of RWA reduction. This has been prepared since Q3. This has been launched in Q4 and helped, quite significantly, to reduce the level of RWAs.

The second element is all the market effects - forex and, to a certain extent, also rates - that had two benefits this quarter. The fact that the improvement of the euro as compared to the dollar has reduced a little bit the RWA valuation of dollar-denominated assets and also the counterparty risks on capital market activities have also significantly diminished due to market movements over the quarter.

Then, the last point is that we have seen some improvement in the rating of some counterparts. You know that to a certain extent, the rating of the different counterparts is leading to a diminution of the RWA of those counterparts. All these elements play together in the same direction in Q4, leading to this very significant decrease in RWAs at CACIB.

Matthew Clark: Maybe could I just have a follow-up in terms of the outlook for risk-weighted assets? I think you said you had 10 basis points of TRIM left. If there is nothing else on the horizon, and I think Basel IV is going to be neutral at inception for you, should we really expect risk-weighted assets to just grow with business volume from here on?

Jérôme Grivet: Yes. The baseline is going to be the organic evolution of RWAs allocated to the business lines that we do every year in the budget processing.

This year, if I want to foresee a little bit what can happen, besides the RWA organic evolution of the business lines in 2023, we will have this positive one-off coming from IFRS 17. We will have TRIM, which will represent probably €4 billion RWAs at CACIB. We will have also one of the last years of the IFRS 9 phasing mechanism that is going to represent a hit of around 10 to 15 bps on our solvency.

The rest is going to be organic evolution plus, of course, acquisitions, if any. There is one that is already decided that is going to be completed probably beginning of Q3, and that is the acquisition of RBC's European activities.

Amit Goel (Barclays): Hi, thank you. I have two questions. One, a bit more general, one a bit more specific.

The first more general question is basically, I guess one of your competitors is looking to redeploy a lot of capital into their business outside, I think, of the retail piece. I am just curious what you think about the growth opportunities in your business and what competitive pressures there could be in the coming years?

Then, the second, more specific question is on the DPS (dividend per share). I know given the catch-up, it has been €1.05 flat for two years now. Is it possible that you could pay out more than 50% next year to maintain a progressive DPS? Thank you.

Jérôme Grivet: Let me start with the second question. DPS is, of course, a permanent question. However, for the time being, we are talking about 2022. We are talking about the dividend regarding 2022 that is going to be proposed to the General Assembly that we will hold in next May. This dividend is going to pay end of May this year. The year has only started. We will think about the dividend regarding 2023 a little bit later on, if you allow us.

Then, growth opportunities. We permanently look at growth opportunities everywhere. It happens that most of the time, these growth opportunities are taking place either in some, I would say, specialised business lines like Asset Management, Consumer Credit, Car Leasing or Wealth Management. We did it in the past several times and so on and so forth.

When it comes to pure Retail Banking activities, those opportunities took place most of the time abroad. It was the case for us in Italy. The landscape is this one. However, we are permanently looking at growth opportunities that make sense within our business model.

Amit Goel: Thank you. In terms of the competitive environment, some of your peers are looking to redeploy a lot more capital. Do you see that changing?

Jérôme Grivet: You know, this expression of 'redeploying capital', it looks a little bit as if we were portfolio managers, reducing a little bit the capital allocated to business and increasing the capital allocated to another business, as if we were just facing an Excel spreadsheet, adding some figures in a specific cell and reducing the amount in another cell. Real life is not exactly this way.

In real life, all the businesses which belong to CASA work together and also try to develop their own business opportunities. Every time they see a business opportunity, we have a discussion. We have a dedicated committee, actually, which is chaired by Philippe. We are exploring any opportunity that is proposed by us. We do not, in advance, say, 'This business is going to be allocated that amount of capital. This business is supposed to give back that amount of capital.'

Philippe Brassac: Perhaps I would like to stress this question because it must be really understood by analysts and investors. It is normal to ask questions about opportunities, but I would like to share with you the fact that when you look at this on the very long term, Crédit Agricole Group is one of the ten largest banks in the world. The topic of critical size is absolutely not relevant for us.

The only relevant point is to find opportunities, but not simply opportunities, but relevant opportunities able to be integrated in our architecture, in terms of development - the three axes I have explained at the very beginning of this meeting. This is probably why we find year-after-year different opportunities, but they seem to be always very incremental. No rupture about this. We try to find something to go further quicker, for example, in Consumer Finance.

Jérôme did not say that in his answer a few minutes ago, but I would like to add this point. For Consumer Finance, the first point, the first colour is that we are in a very important momentum of development. I can speak to you about the agreement with Stellantis, with Cosmobilis for our Leasing activity, with Watèa by Michelin, and so on.

Many different little topics, but this is just about adding incremental means to our development, absolutely consistent with the architecture and the strategy. This is why every time I hear something about opportunity, I immediately look if this is at the size and at the nature to be correctly and previously integrated in our current development.

When you look, for example, in Italy, Crédit Agricole Italia seems to be always the same, but it developed each time with incremental addition of new banks. At the end of the year, it is always Crédit Agricole Italy. This is, I think, the right way, on the very, very long term, to look at opportunities.

Unfortunately, we cannot decide if there will be opportunities like this. However, when you look business line by business line, many things are possible. I think, really, this is the right

way because it is too dangerous now to bet about huge ruptures, in terms of business or in terms of companies.

Once again, Jérôme is absolutely right. We do not manage and Crédit Agricole Group did not succeed being managed as a conglomerate of different activities. It was managed really as the development of the global relationship with each market for household, for small businesses, and for large corporates. This increasing and regular way to develop is always very successful.

Amit Goel: Thank you.

Chris Hallam (Goldman Sachs): Yes, thanks for taking my questions. Apologies for the technical issues earlier. That was entirely my fault. Two questions.

My first question is on 2023 outlook. Philippe, you mentioned that ROTE is really the best metric to look at. In the answer to Delphine's earlier question, that it is difficult to split out Retail Banking from the broader Group efforts. The question would be whether in the context of all the inputs this year, you would expect to see underlying ROTE to be up or down in 2023, relative to the 12.6% you posted in 2022?

Then, secondly, on slide 8, you outlined the market shares across the universal banking model. Would you expect the pace of market share gains to be fairly even across those businesses? Alternatively, if we fast forward to 2025, would you expect the order of those bars to have changed significantly?

Jérôme Grivet: We generally do not give precise guidance on figures for the coming years. Your questions regarding where we are going to stand, in terms of return on tangible equity end of next year or this year, is a question we will not answer, excuse me. However, definitely what we say is that we target to be above 12% of return on tangible equity. We will do everything we can in order to respect this target and this commitment.

Then, regarding page 8 and the fact that we want to grow our market share in every additional business in which we have invested since the launching of the Group, it is clear that philosophically, I would say, we should see every vertical bar on this bar chart to progressively reach the 30% level because this is exactly what we want to achieve. Of course, it is not going to be the case immediately in all businesses.

Then, if I take the example of life insurance activities, the life insurance market in France is not only in the hands of subsidiaries of banks. It means that a certain proportion of the market will be kept probably in the long run by pure insurance players. However, definitely we have the capacity to make sure that every of our customer is potentially equipped in all of these businesses by our products and not by a product manufactured by a third party.

Philippe Brassac: I would like to stress this point. If you look at the past of Crédit Agricole Group, for example, between 1987, when we decided to create from scratch Insurance activity, nobody could probably say that towards 20 years, we could become the first insurer in France. We did.

Nobody could imagine that we could become the first European asset manager from scratch. We did. Not only because we are efficient, but also in terms of development, because this is proof that when you try to approach your customer in a global approach as customers of the

bank and then try to advise them with loyalty with the global nature of their needs and to accompany them over time, you have these results.

Bankers, as we are, succeeded to become bank insurers also and the first bank and the first insurer in France. We always say bank insurers, but we could say bank asset manager with absolutely the same rationale.

There is no reason we could not become the first bank real estate solution, to take another example. We attend to the global needs of each customer. Now, with the collective needs of society regarding transition, it is something that is not a projection but simply the reminder that Crédit Agricole Group really developed this way.

The target for me and my concern is not, because we are very big, very large, to manage each business line as a silos within the Group. This could be really a huge mistake for the development of the Group. This is why we explain the global model of the Group and try to manage the fact that we all develop.

You looked at the commercial performance of the Group for 2022. It could be surprising to see that we are increasing everywhere, not specifically Asset Management or Wealth Management, everywhere. No miracle about this. However, we try to develop as a rule and we succeed because we succeed to have a global approach, once again, of the needs of our customers. This is why we do not have specific market shares, in terms of targets for 2023 and 2024 for each business lines. However, clearly, they must all improve. On the last years, they always did improve, in terms of market share.

Once again, sorry to be too long, but this is not developing diversified activities as a conglomerate. This is developing always the same model, the model of the global relationship. Unfortunately, this model is not very known. It is broken many times by analysis of the model inside those activities. This is why we explain this model. This is why Crédit Agricole is a Group, not simply a holding of different activities and simply we try to develop.

Let me tell you that I am very optimistic on this point because despite the very special environment with this high level of opacity, let us just look at our commercial momentum over the past three years. We grew very quickly. It can be an explanation, of course, but simply means the model works, when you take each of our customers in global approaches to make them propositions of different services and products.

Jérôme Grivet: We have two more questions.

Guillaume Tiberghien (BNP Paribas Exane): Good afternoon. Thanks for taking the question.

It is on French Retail. I understand you are a diversified group and you have Asset Management, etc. However, in 2023, you have *Livret A*, you have the end of the TLTRO, you have the usury rates. At least, could you give us an idea of the magnitude of those headwinds? From my level, I do not have the integrated figure, but it looks like about maybe €300 million or €400 million headwinds. Do you think that in 2024, without giving a precise number, you can reach the level of revenues that you did in 2022? Thank you.

Philippe Brassac: I will try to start. Unfortunately, I have the advantage to be a seasoned person. I knew personally the moment when rates increased to 20%-25% years ago, then

decreased to 0%. Now, it is coming back to a higher level. At the end of the day, we were always number one in France. Always.

We always have this kind of question, this was very negative for you to have decreasing rates because of reimbursements and renegotiations. Then, you have negative impact when rates are increasing. Of course, the time needed for the assets side to be at the level of the liabilities side, this will get a negative impact for you. This is right.

However, I think we do not really clearly explain the heart of the engine. The heart of the engine is the intermediation and the transformation between liabilities and assets.

I would like simply to say that when you look at the impacts of the increase of rates and notably because we protect households with fixed interest, the first point is that these are temporary negative impacts. Temporary. It is something because, of course, at the end of the day, when rates are stabilised, we reach the same level of NII for banks with variable rates or fixed rates, first point.

The second point is that this impact is partially absorbed by tools of ALM. This is why we have ALM with high level swaps so that we do not take the global impact of the gap between assets and liabilities. This is precisely the reason for which ALM is very important within banks.

The last point is that the residual temporary negative impacts of this phenomenon is probably largely offset by the way that we master cost of risk at the end of the day, notably for home loans.

My conviction is that facing the new headwinds, the answer and the solution is always in the commercial development. When you look, for example, for Q4 at LCL, you can see, for example, a negative impact on the intermediation margin, but you can see a huge increase in commissions and fees. This is life. Nothing is stabilised. However, at the end of the day, the main driver is, 'Are you always the number one, in terms of a global relationship with your customer?'

Once again, sorry for me to tell you that, I never knew a stabilised situation of rates. I have this experience to be asked about the fact that if rates are decreasing, this could be very bad for us. When rates are increasing, this could be very bad for us.

My only simple answer is that we are still very optimistic for our targets for 2025, commercial and financial targets. This is not really a concern for us, the increase of rates. The concern can be for customers, notably for corporates, because you have many loans with variable loans for corporates. However, for banks, and notably for banks as Crédit Agricole Group, we just accompany the shift.

This is what I can give as colours for the momentum of Crédit Agricole Group as an international bank.

Perhaps Jérôme, you can say more on this?

Jérôme Grivet: Just two or three elements to complement a little bit the answer, simply.

First point, TLTRO is clearly an element which is, I would say, outside the normal ALM management of the bank because it is been so huge and so abnormal, in terms of characteristics that, of course, the withdrawal of the TLTRO before the date that was initially

set is going to represent an element that is going to play against us, in terms of basis effect for 2023. That is for sure.

However, the good news is that we do not have to absorb any additional cost of unwinding hedges regarding the TLTRO in 2023. I do not know exactly what some other banks could have been doing with that, but we do not have any additional hedging costs to cover in 2020 regarding the TLTRO.

Second point, Philippe is perfectly right. Our model is precisely to work alongside with ALM policies in order to be able to absorb the movement of rates. ALM is here precisely to smoothen the effect of movement of rates.

Of course, the situation in 2022 was a little bit extreme. We have tested the limits of our models, especially because when rates increased by 300 bps when, at the same time, it is not possible to reprice the customer for new loans, this such a high increase because of usury rates, we are at the limit of ALM models.

The same thing applies to regulated savings accounts. Within our ALM models, there is the idea that we have to cover a little bit the inflation risk. When inflation surges suddenly from almost 0% to 6%, again, this is testing the limit of ALM models.

This is something we will have to absorb. However, definitely, going forward, in the long run, we have the capacity to live in almost any rate environment.

Guillaume Tiberghien: Can I?

Jérôme Grivet: Okay. Sure, go ahead. Yes.

Guillaume Tiberghien: I wanted to ask the question differently, if I may? Your target for 2025 in French Retail was to grow about 1% to 1.5% per year. You have nearly achieved the whole of the growth trajectory already in 2022. If you do not want to talk to us about the J shape, can you maybe then rephrase your 2025 target for the revenues of LCL?

Jérôme Grivet: You know, Guillaume, that we never reset our target. We reach them and we exceed them.

Guillaume Tiberghien: Thank you.

Benoît Valleaux (ODDO BHF): Good afternoon. Thank you for taking my questions. I have two questions, if I may.

The first one is regarding BforBank. Last year, you said that you planned to invest in order to expand BforBank. I do not know if you can give us maybe more colour on your strategy for BforBank?

The second question is on life insurance in France. Obviously, we have seen some increase in outflows on euro products in Q4. I do not know if you can share with us what is the trend seen year-to-date? For example, if you have any figures on outflows in January? Thank you.

Jérôme Grivet: Okay. On BforBank, I think that the strategy that we have unveiled with the medium-term plan is quite clear. Actually, we are completely reshuffling the IT platform. We are going to relaunch, actually, BforBank I think before year-end or very beginning, yes, in June. Olivier in front of me is precisising the date. Middle of this year, we are going to relaunch the new offer of BforBank. This is after a few quarters after this relaunch that we

will be able to, I would say, assess the efficiency of this relaunch. We will have the opportunities to discuss about it in a few quarters.

Life insurance, it is true that in Q4, actually the outflows in euro-denominated contracts were more or less matched by inflows in UL products. Actually, what has happened end of Q4 and what is probably going to continue part of this year is the fact that some customers are going to prefer to exchange their euro products, even though we have increased quite significantly the profit-sharing rate end of 2022 against unit-linked products denominated in different categories of bonds that are going to yield probably closer to 4% or 5% rather than the 2-point-something, which is the remuneration of euro products. It is possible that we continue to see that type of movement inside the global contract: outflows from the euro part, inflows into the UL part.

Benoît Valleaux: Thank you.

Mate Nemes (UBS): Good afternoon. I have two questions left, both are on costs.

The first one is on Italy. I think this quarter, you saw some one-off integration charges. Can you confirm that these are completely done now? If that is the case, what run rate should we expect, going forward?

Then, the second one is still on costs, more on the Group level. Could you give us a sense of what your expectations of the cost trajectory in 2023? In 2022, you still had some one-off items. Clearly, as we are seeing inflation at an elevated level, I am just wondering how we should think about costs and cost growth in 2023. Thank you.

Jérôme Grivet: In Italy, we are done with the integration of Creval inside Crédit Agricole Italy. Actually, the legal merger was performed in the first month of last year. The migration of the operations of Creval on the platform of Crédit Agricole Italy is completed now. We do not have, and I do not remember having booked, any significant restructuring charges in the last quarter. It is now completely done.

Going forward, in Italy, we are going to continue to benefit from the improvement of the operations coming from Creval, actually, because we continue to enhance the equipment rate of the customers coming from Creval. We continue to, I would say, boost the distribution capacities of the branches coming from Creval network. Going forward, Italy is going to be a development story. We hope so.

In terms of cost trajectory in 2023, you know that we permanently manage the cost/income ratio, not the cost base *per se* because we think that we have to adapt permanently the cost base to the capacity of generating revenues. Of course, we have, I would say, a more accommodative stance on the cost base of, for example, Crédit Agricole Assurances, where we have a permanent increase in market share, a permanent increase in the number of policies that are managed and with some other businesses in which, for different reasons, the capacity of posting a significant increase in the top line is more subdued.

Clearly, we try to monitor cost/income ratios. We have regular interactions with the different businesses in order to reassess their capacity to reach the level of revenues that was defined in the budget process. If it is not possible to reach this level of revenues, then, of course, we challenge them on their capacity to adapt their cost base. However, we do not want to

communicate simply on the basis of cost trajectory across the board for the Group. It would not make sense.

Mate Nemes: Thank you.

Jérôme Grivet: Thank you. I think we are done. Again, thanks a lot for your participation to this meeting. Thanks, of course, to Philippe and Olivier. We are looking forward to meeting you in three months.

Philippe Brassac: Thank you so much.

Olivier Gavalda: Thank you. Goodbye.

[END OF TRANSCRIPT]