CRÉDIT AGRICOLE S.A.

# PRESS RELEASE

**First Quarter 2020 Results** Montrouge, May 6th 2020

# Crédit Agricole absorbs the Covid-19 impact and is mobilised for the economy

## Crédit Agricole Group*

| Underlying revenues[1] | Underlying net income Group share[1] | CET1 ratio |
|---|---|---|
| **Q1: €8,378m** | **Q1: €981m** | **15.5%** |
| +0.7% Q1/Q1 | -31.6% Q1/Q1 | -0.4pp Mar/Dec<br>+6.6pp above the SREP[2] |

- **Q1 stated net income Group share: €908m** (-32.8% Q1/Q1); stated revenues €8,366m (+2.1% Q1/Q1)
- **Strong momentum across all business lines in Q1, production impacted by the crisis in March:** increase in outstandings **(**+7% retail loans in France and Italy, +2.1% consumer finance managed loans, +2% life insurance, +3.5% asset management); gross retail customer capture France and Italy: 416,000 customers since the start of 2020.
- **Increase in cost of risk (at €930m, x3.3 Q1/Q1)**, driven primarily (61% of the increase) by provisioning on performing loans (€398m in Q1). Annualised cost of risk on outstandings 40bp (x3.1 Q1/Q1); Stable NPL ratio (2.4%), increase in coverage ratio (84.3%, +1.7pp vs. Dec. 19). Loan loss reserves: €19.5bn.
- **Very strong solvency** (buffer to SREP requirements increased from 6.2pp to 6.6pp).
- **Mobilisation of the Group's structural strengths to assist its clients through the crisis**: all services fully operational (9 out of 10 branches are reachable), acceleration of technological innovations (remote claims management), **strong social commitment by the Group** (>€70m in donations via solidarity funds).
- **Voluntarily supporting public authorities' strategy over the crisis: €3.6bn** loan moratoria granted to corporates and **more than 81,000 applications (€13.5bn)** in state-guaranteed loans processed as at 21/04; €10bn aid programme at CA Italia; €210m cooperative support mechanism for professional multi-risk insurance policyholders.
- **Regional Banks:** underlying net income[1] under French accounting standards €583m (-22.3% Q1/Q1), underlying net income [1] €321m (-51.7% Q1/Q1). Strong underlying activity revenues. Increase in cost of risk (x5.5) linked to 68.5% of the performing loans provisioning; annualised cost of risk on outstandings still low (23bp).

.* Crédit Agricole S.A. and 100% of Regional Banks.

## Crédit Agricole S.A.

| Underlying revenues[1] | Underlying GOI[1] | Underlying net income Group share[1] | CET1 ratio |
|---|---|---|---|
| **Q1: €5,137m** | **Q1: €1,583m** | **Q1: €652m** | **11.4%** |
| +4.8% Q1/Q1 | +7.9% Q1/Q1 | -18.1% Q1/Q1 | -0.7pp Dec/Sept,<br>+3.5pp above the SREP[3] |

- **Stated result**: €638m (-16.4% Q1/Q1); stated revenues: €5,200m (+7.1% Q1/Q1), stated GOI: €1,586m (+11.7% Q1/Q1)
- **Increase in underlying GOI (+7.9% Q1/Q1)**, thanks to revenue resilience (+4.8%), despite the decrease in the fair value through profit and loss in insurance, and to control of expenses excluding IFRIC 21 (+2.5%);
- **Increase in cost of risk (at €621m, x2.8 Q1/Q1)**, driven primarily (56% of the rise) by provisioning on performing loans (€223m in Q1). Annualised cost of risk on outstandings 61bp (x2.6 Q1/Q1); Stable NPL ratio (3.1%), increase in coverage ratio (72.4%, +2.3pp vs. Dec. 19); loan loss reserves: €9.6bn.
- **CET1 ratio down (-0.7pp) to 11.4%,** including the unwinding of 35% of the Switch mechanism (-44pb), the impact of the allocation of the 2019 dividend to reserves following the ECB's recommendation (+60bp) and the impact of adverse market effects on OCI reserves on securities portfolios (-33bp). **Buffer to requirements in Q1 at 3.5pp.**
- **Underlying EPS**: Q1-2020 €0.17, -25.0% Q1/Q1.
- **Liquidity indicators up (€338bn in reserves at 31/03/20, increase by €40bn vs. 31/12/20).**

*This press release comments on the results of Crédit Agricole S.A. and those of Crédit Agricole Group, which comprises the Crédit Agricole S.A. entities and the Crédit Agricole Regional Banks, which own 55.9% of Crédit Agricole S.A. Please see p.23 onwards of this press release for details of specific items, which are restated in the various indicators to calculate underlying income. A reconciliation between the stated income statement and the underlying income statement can be found from p.3 for Crédit Agricole Group and from p.7 for Crédit Agricole S.A.*

[1] *In this press release, the term "underlying" refers to intermediary balances adjusted for the specific items described on p.23 onwards*
[2] *Based on SREP requirement of 8.9% at 02/04/2020 (including France's counter-cyclical buffer, applicable from 02/04/2020).*
[3] *Based on SREP requirement of 7.9% at 02/04/2020 (including France's counter-cyclical buffer, applicable from 02/04/2020).*

# Crédit Agricole Group

## Voluntarily supporting the public authorities, consistently with our Raison d'Etre, to help our customers go through the crisis.

Since the start of the current health crisis, the management, the employees, the representatives have done everything possible to ensure all the banking and insurance services remain available. 88% of Regional Bank branches (93% for LCL branches) are reachable. The number of unique monthly users of the Group's apps in France and Italy has reached 7.7 million, a 20% increase over the first quarter of 2019. Crédit Agricole has increased the pace of its technological innovations, setting up solutions specifically to handle the crisis (of which electronic signature of the state-guaranteed loan and remote management of claims and damages). In addition, remote work has been rolled out on a huge scale (more than 50,000 simultaneous online connections) with maximum security.

In the face of the crisis, the Group has reaffirmed its societal commitment, which underpins its *raison d'être*: "Working every day in the interests of its customers and society". Support has been provided to healthcare workers, vulnerable populations and for research, through donations of medical equipment for example. The "Loop" and "*J'aime mon territoire*" platforms were created at the Regional Banks. On 8 April, the Group set up a -€20 million solidarity fund for the elderly and caregivers. As early as 23 March, the insurance business lines had put €39.2 million into the solidarity fund set up by the French authorities to help very small enterprises and independent workers in sectors particularly hard hit by the crisis. On 18 March, Crédit du Maroc made an -€8 million contribution to the national solidarity fund, while on 31 March, Crédit Agricole Italia donated €2 million to the Italian Red Cross and Italian hospitals. In total, more than €70 million have been donated via solidarity funds..

To support its customers in a context of economic crisis related to COVID-19, Crédit Agricole Group aligned itself with the public authorities' strategy, by taking targeted measures in place for all customer categories. On March 6th, Crédit Agricole Group announced **a six-month moratorium on loan repayments for corporate customers and SMEs and small businesses** whose business would have been impacted by COVID-19, to address their cash flow problems. On 29 April, 335,000 moratoria were granted, for an amount of €3.4 billion of uncalled maturities, with no penalties or additional fees. In addition, in equipment leasing, 50,000 loan maturities were postponed for a total of 500 million euros and 2,000 for property leasing representing a total of 150 million euros. In terms of cost of risk, the introduction of the moratorium does not automatically imply that the debtor will be requalified. There can, however, be a qualification as default/forbearance or a change in the original Bucket, pursuant to Group rules. In addition, uncalled maturities are simply moved forward, so the impact on RWA is insignificant.

The French government also announced the introduction on 25 March of the **state-guaranteed loans** (*Prêts Garantis par l'Etat*) to meet the cash flow requirements of businesses impacted by the coronavirus crisis. For eligible companies, the loan is typically capped at 25% of company revenues. As at 30 April 2020, a total of 126,000 applications had been received by the Group for an amount of €19.5 billion (of which 88.5% of the requests concern professionals/farmers, 11.5% corporates).

The Group is providing specific support for SMEs and small businesses, farmers and very small enterprises. A €210-million cooperative support mechanism was set up on 22 April for policyholders with professional multi-risk insurance with business interruption. On 21 April, Crédit Agricole Italia devoted €6 billion to supporting companies, of which €4 billion in loans (up to €25,000) and €2 billion in liquidity facilities. For farmers, the Group set up the 0% state-guaranteed loan with no fees and granted loan repayment holidays, also without fees.

Measures were also introduced for individual customers. In Italy, moratoria were granted for an amount of €4 billion on loans to SMEs and individuals for a period of six months, renewable. CA Consumer Finance also deferred loan maturities as at 31 March in the amount of €29 million.

**The Group's commercial activity was buoyant in Q1 2020. Asset management AuMs were up (+3.5%), as were those of life insurance (+€6.5 billion, or +2%); unit-linked contract net inflows were also up (+40% Q1/Q1, +69% Q1/Q4); loans increased +7% in the Retail networks in France and Italy (excluding state-guaranteed loans); and consumer finance outstandings rose by 2.1%.**

**Gross customer capture was strong, with 416,000 new customers captured since the start of the year, and a 25,000 increase in the customer base. Lastly, commercial activity in capital markets was buoyant in order to meet customer needs in terms of hedging and bonds. The Group's revenues were nevertheless impacted by COVID-19 in March 2020. Production fell since the beginning of the month, mainly in home loans and consumer finance, despite the resilience of the net interest margin. Fee and commission income related to market volatility increased, offsetting the decline in other types of fee and commission income (insurance and banking). Depreciations (mostly reversible) were also observed, due to unfavourable market conditions (decrease in fair value through profit and loss in insurance and asset management, and in the investment portfolio in asset management and in the Regional Banks).**

## Group results

**In the first quarter of 2020**, Crédit Agricole Group's **stated net income Group share** came to **€908 million** versus €1,350 million in the first quarter of 2019. The **specific items** recorded this quarter generated a **negative net impact of -€73 million on net income Group share**.

Excluding these specific items, the **underlying net income Group share**[4] was **€981 million**, down -31.6% compared to first quarter 2019. This decline was mainly due to the effects of the COVID-19 crisis.

**Crédit Agricole Group: Consolidated results, Q1-2020 and Q1-2019**

| In €m | Q1-20 stated | Specific items | Q1-20 underlying | Q1-19 stated | Specific items | Q1-19 underlying | Q1/Q1 stated | Q1/Q1 underlying |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **8,366** | **(12)** | **8,378** | **8,196** | **(126)** | **8,323** | +2.1% | +0.7% |
| Operating expenses excl.SRF | (5,548) | (70) | (5,478) | (5,277) | - | (5,277) | +5.1% | +3.8% |
| SRF | (454) | - | (454) | (422) | - | (422) | +7.7% | +7.7% |
| **Gross operating income** | **2,363** | **(82)** | **2,445** | **2,497** | **(126)** | **2,623** | **(5.4%)** | **(6.8%)** |
| Cost of risk | (930) | - | (930) | (281) | - | (281) | x 3.3 | x 3.3 |
| Cost of legal risk | - | - | - | - | - | - | n.m. | n.m. |
| Equity-accounted entities | 91 | - | 91 | 95 | - | 95 | (4.6%) | (4.6%) |
| Net income on other assets | 5 | - | 5 | 10 | - | 10 | (49.4%) | (49.4%) |
| Change in value of goodwill | - | - | - | - | - | - | n.m. | n.m. |
| **Income before tax** | **1,530** | **(82)** | **1,612** | **2,321** | **(126)** | **2,448** | **(34.1%)** | **(34.2%)** |
| Tax | (481) | 7 | (487) | (848) | 41 | (889) | (43.3%) | (45.2%) |
| Net income from discont'd or held-for-sale ope. | (0) | - | (0) | (0) | - | (0) | x 102.2 | x 102.2 |
| **Net income** | **1,048** | **(75)** | **1,124** | **1,473** | **(85)** | **1,558** | **(28.8%)** | **(27.9%)** |
| Non controlling interests | (140) | 2 | (142) | (123) | - | (123) | +14.2% | +15.8% |
| **Net income Group Share** | **908** | **(73)** | **981** | **1,350** | **(85)** | **1,435** | **(32.8%)** | **(31.6%)** |
| **Cost/Income ratio excl.SRF (%)** | **66.3%** | | **65.4%** | **64.4%** | | **63.4%** | **+1.9 pp** | **+2.0 pp** |
| | | | | | | | | |
| **Net income Group Share excl. SRF** | **1,334** | **(73)** | **1,407** | **1,754** | **(85)** | **1,839** | **(23.9%)** | **(23.5%)** |

In the first quarter of 2020, **underlying revenues** increased by **+0.7%** over the first quarter of 2019 to €8,378 million, and fell by **-3.3%** for the business lines excluding the Corporate Centre. Revenue resilience against this

[4] *Underlying, excluding specific items. See p.23 and onwards for more details on specific items.*

backdrop was due to sustained commercial momentum during the quarter, with gross capture of 416,000 new customers and an increase in the customer base of 25,000 customers in 2020 in Retail banking in France and Italy. Loan production remained solid, with +7% growth (excluding State-Guaranteed Loans) in those same networks (+7.1% for the Regional Banks). In asset management and insurance, outstandings were up despite market conditions. Commercial activity was also buoyant in capital markets in order to meet customer needs in hedging and bond issuances. Nevertheless, revenues were impacted by the COVID-19 health crisis in March. As a consequence of unfavourable market conditions, depreciations, mostly reversible, were observed: the decrease in the valuation of assets at fair value through profit and loss in insurance and in asset management, and the impact on investment portfolios in asset management and in the Regional Banks. Net interest margin proved resilient despite a drop in production at the end of March, particularly for home loans and consumer finance. Regarding fees and commissions income, the situation was contrasted: fees and commissions income related to market volatility increased (LCL +6.3%, particularly transfer fees, Regional Banks +4.8%), offsetting the decline in other types of commissions (insurance and banking). Consequently, the Regional Banks and Asset gathering business lines suffered the most, recording decreases of -7.3%/-€255 million and -8.7%/-€127 million respectively. The Specialised financial services business line also declined, by -5.0%/-€34 million. Business lines that recorded growth were Large customers and Retail banking in France (excluding the Regional Banks) with increases in underlying revenues of +8.8%/+€120 million and +2.2%/+€20 million respectively.

**Underlying operating expenses** were **up +3.8%** compared to the first quarter of 2019, in line with IT investments in the Regional Banks under the Group Project and Medium-Term Plan, and the impact of taxes on the Crédit Agricole S.A. business lines, especially Asset gathering and Specialised financial services. Several business lines showed positive jaws effects, which was the case of LCL and Crédit Agricole Corporate and Investment Bank in particular. The **underlying cost/income ratio excluding SRF stood at 65.4%, down 2.2 percentage points** compared to the first quarter of 2019.

Underlying **gross operating income** thus fell to €2,445 million compared to first quarter 2019 (-6.8%).

The **cost of credit risk** rose significantly (x3.3 compared to first quarter 2019) as a result of provisioning on outstanding performing loans related to COVID-19 for all business lines (no significant change in Bucket 3). It stood at €930 million at end-March 2020, versus €281 million at end-March 2019. Asset quality remained high: the NPL ratio was stable at 2.4% at end-March 2020, while the coverage ratio stood at 84.3%, up 1.7 percentage points for the quarter, for loan loss reserves of €19.5 billion. Starting in the first quarter of 2020, the context and uncertainties related to the global economic conditions have gradually been taken into account and the expected effect of public measures have been incorporated to anticipate future risks. Provisioning levels have been established to reflect the sharp decline in the environment (flat rate adjustments for the retail banking portfolios and for corporates portfolios and specific additions for some targeted sectors: tourism, automotive, aerospace, retail textile, energy, supply chain). This increase in provisioning on performing loans explains 61% of the increase in the **cost of risk on outstandings[5] in the first quarter of 2020. It stood at 40 basis points annualised**, x3.1 versus first quarter 2019 and almost x2 versus the previous quarter. Cost of risk of Buckets 1 and 2 stood at €398 million, compared to a reversal of 87 million euros over the previous quarter. The cost of risk of Bucket 3 at €516 million was down slightly compared to the previous quarter (€602 million).

**Underlying pre-tax income stood at €1,612 million**, a year-on-year decrease of -34.2%.

The underlying **tax charge fell -45.2%** during the period. The underlying tax rate dropped by -5.8 percentage points to 32.1%, mainly in line with the decrease of tax rate in France since the beginning of 2020. Accordingly, underlying net income before non-controlling interests was down -27.9% and underlying net income was down -31.6% compared to first quarter 2019.

**Specific items** in this quarter (-€73 million impact on net income Group share) comprised solidarity donations in connection with the COVID-19 crisis for -€66 million in operating expenses (-€38 million as a contribution to the French government's solidarity fund for Crédit Agricole Assurances, -€10 million for Crédit Agricole S.A. and -€10 million for the Regional Banks as a contribution to the financing of the protection of the elderly, -€8 million as

[5] *Cost of risk on outstandings (in annualised basis points)*

a contribution to the solidarity fund in Morocco for Crédit du Maroc). This had an impact of -€62 million on net income Group share. To this can be added the Santander and Kas Bank integration costs incurred by CACEIS (-€4 million in operating expenses/-€2 million in net income Group share, and recurring accounting volatility items with a net negative impact of -€9 million on net income Group share, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), plus the Funding Valuation Adjustment (FVA) portion associated with the change in the issuer spread, which is not hedged, totalling -€14 million, the hedge on the Large customers loan book for +€83 million, and the change in the provision for home purchase savings plans for -€79 million. In the first quarter of 2019, specific items had a **net negative impact of -€85 million on net income Group share**; they included only recurring accounting volatility items such as the Debt Valuation Adjustment (DVA, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread) amounting to -€6 million, the hedge on the Large Customers loan book for -€14 million, and the change in the provision for home purchase savings schemes in the amount of -€64 million.

## Regional Banks

The **current health crisis** began to impact the Regional Banks' commercial activity in March 2020 (in particular, loans were down -12.5% and new non-life policies were down -39.5%). Nevertheless, **commercial momentum was generally good** over the full quarter with an increase in **outstanding loans** of +7.1% versus the first quarter of 2019 (€527.4 billion). This increase was related to the sharp rise in **home loans** (+7.8%, €323.5 billion in outstandings) and **business loans** (+11.9%, €86.6 billion in outstandings). Since the COVID-19 crisis, **demand deposits** have risen significantly (+15.1% to €172.4 billion), while **off-balance sheet deposits** have fallen by -1.7% to €260.1 billion. This decrease was related to securities and transferable securities whose outstandings fell by -10.3% and -9.8% respectively. Life insurance AuM continued to rise (+1.3%), as did **on-balance sheet deposits** (+7.3%) to stand at €470.4 billion. Lastly, **gross customer capture** continued to grow (+296,000 customers), while the **customer base** has been increasing in 2020 (+18,000 additional customers).

**In the first quarter of 2020**, the Regional Banks' underlying **revenues** stood at €3,235 million, down from the first quarter of 2019 (-7.3%). This was due to a drop in **portfolio revenues** during the period because of end-of-quarter valuations based on international standards. The impact is more moderate on French standards. By contrast, underlying **activity revenues** are still strong, with a rise in fee and commission income (+4.8%) and in brokerage margin. The underlying **cost of risk** recorded an increase (x5.5) linked to 68.5% of the **performing loans provisioning** (+€176m at the Q1-20). Ultimately, **underlying net income Group share** for the Regional Banks (€321 million) fell by 51.7%. Based on **French standards**, **underlying net income Group share** stood at €583 million (-22.3% compared to first quarter 2019).

The performance of the other Crédit Agricole Group business lines is described in detail in the section of this press release on Crédit Agricole S.A.

Dominique Lefebvre, Chairman of SAS Rue La Boétie and Chairman of Crédit Agricole S.A.'s Board of Directors, commented on the Group's first quarter 2020 results and activity as follows: *" The Group is solid, able to withstand the impacts of Covid-19 and to mobilize, with determination, in order to support the economy and its customers. From the start, we have been offering solutions, consistently with the public support mechanisms in which we are fully taking part, such as debt moratoria or a cooperative support mechanism for SME policyholders, which will allow us to create a bridge for our economy, from a pre-crisis to a post-crisis state. This is the expression of our usefulness. We experience it each day, with our teams and with our customers".*

# Crédit Agricole S.A.

## Increase in underlying GOI (+7.9%), decrease in underlying net income (-18.1%)

- **Stated result**: €638m (-16.4% Q1/Q1); stated revenues: €5,200m (+7.1%); stated GOI: €1,586m (+8.6%)
- Increase in underlying GOI (+7.9% Q1/Q1) attributed to revenue resilience (+4.8%), despite the decrease in fair value through profit and loss in insurance, and to control of expenses, excluding IFRIC 21 (+2.5%); positive jaws effect at LCL (+3.6pp) and in Large customers (+1.9pp);
- Decrease in underlying income (-18.1%) due to the increased cost of credit risk (x2.8) and impact of market valuations at 31 March.

## Strong sales in Q1 in all business lines, interrupted by the crisis in March

- Q1/Q1 increase in AuM (+3.5%), life insurance (+2%), loan outstandings at LCL (homes +8.5%, SMEs and small businesses, and corporates +7.1%), and consumer finance outstandings (+2.1%);
- Increase in unit-linked contract net inflows (+40% Q1/Q1). Continued growth momentum in property and casualty and personal protection;
- Continued momentum in customer capture (+86,000 business and individual customers in 2020 at LCL);
- Robust commercial activity in capital markets and prudent risk management (moderate VaR at €11m).

## Increased cost of risk due to provisioning on performing loans

- **Balanced sector and geographical exposure** (no Corporates sector represents more than 4% of total exposures);
- **Stable NPL ratio** (3.1%), well covered risks (coverage ratio 72.5%); loan loss reserve of €9.6bn);
- In accordance with IFRS9, review of bucket 1 and 2 provisioning in order to take into account the downturn in the environment, as well as the expected effect of public measures: increased in cost of risk (€621m, x2.8 Q1/Q1), mainly driven (56%) by provisioning on performing loans (€223m in Q1)
- **Cost of risk/outstandings 61bp**.

## Very strong level of solvency, including the unwinding of 35% of the switch

- **CET1 ratio down (-0.7pp) to 11.4%,** including the unwinding of 35% of the Switch guarantee mechanism (-44bp), the impact of the allocation of the 2019 dividend to reserves following the ECB's recommendation (+60bp), and the impact of adverse market effects on OCI reserves on securities portfolios (-33bp)**. Buffer to requirements in Q1 remains at 3.5pp.**
- **Underlying earnings per share :** Q1-2019 €0.17, -25.0% Q1/Q1;
- **RWAs impacted by robust commercial activity and support for customers impacted by the crisis** (+€24bn, of which €11.9bn related to unwinding of 35% of the Switch mechanism, +€5.5bn related to regulatory impacts on securitisation and €11.2bn to business line growth).

## Increase in liquidity indicators

- **€338 billion reserves as of 31 March, increasing by €40bn vs 31 December 2019**
- **Increase in LCR: 132.8%**[6]
- 67% of the €12bn MLT market funding programme completed at end-April. Two benchmark issues in April (€2bn senior secured and €1.5bn senior non-preferred).

[6] *12-month average ratio*

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 5 May 2020 to examine the financial statements for the first quarter of 2020.

**Crédit Agricole S.A. : Consolidated resultats,Q1-2020 and Q1-2019**

| In €m | Q1-20 stated | Specific items | Q1-20 underlying | Q1-19 stated | Specific items | Q1-19 underlying | Q1/Q1 stated | Q1/Q1 underlying |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **5,200** | **63** | **5,137** | **4,855** | **(48)** | **4,903** | +7.1% | +4.8% |
| Operating expenses excl.SRF | (3,254) | (60) | (3,194) | (3,104) | - | (3,104) | +4.8% | +2.9% |
| SRF | (360) | - | (360) | (332) | - | (332) | +8.6% | +8.6% |
| **Gross operating income** | **1,586** | **3** | **1,583** | **1,419** | **(48)** | **1,467** | **+11.7%** | **+7.9%** |
| Cost of risk | (621) | - | (621) | (225) | - | (225) | x 2.8 | x 2.8 |
| Cost of legal risk | - | - | - | - | - | - | n.m. | n.m. |
| Equity-accounted entities | 90 | - | 90 | 85 | - | 85 | +5.8% | +5.8% |
| Net income on other assets | 5 | - | 5 | 23 | - | 23 | (77.4%) | (77.4%) |
| Change in value of goodwill | - | - | - | - | - | - | n.m. | n.m. |
| **Income before tax** | **1,060** | **3** | **1,057** | **1,302** | **(48)** | **1,350** | **(18.6%)** | **(21.7%)** |
| Tax | (261) | (17) | (243) | (394) | 14 | (409) | (33.9%) | (40.4%) |
| Net income from discont'd or held-for-sale ope. | (0) | - | (0) | (0) | - | (0) | n.m. | n.m. |
| **Net income** | **799** | **(15)** | **813** | **908** | **(34)** | **941** | **(12.0%)** | **(13.6%)** |
| Non controlling interests | (161) | 1 | (162) | (145) | 1 | (146) | +10.9% | +10.9% |
| **Net income Group Share** | **638** | **(14)** | **652** | **763** | **(33)** | **796** | **(16.4%)** | **(18.1%)** |
| **Earnings per share (€)** | **0.17** | **(0.00)** | **0.17** | **0.22** | **(0.01)** | **0.23** | **(23.2%)** | **(25.0%)** |
| **Cost/Income ratio excl. SRF (%)** | **62.6%** | | **62.2%** | **63.9%** | | **63.3%** | **-1.4 pp** | **-1.1 pp** |
| **Net income Group Share excl. SRF** | **964** | **(14)** | **978** | **1,070** | **(33)** | **1,103** | **(9.9%)** | **(11.4%)** |

## Results

**In the first quarter of 2020**, Crédit Agricole S.A.'s **stated net income Group share** amounted to **€638 million** versus €763 million in the first quarter of 2019. The **specific items** recorded this quarter generated a **negative net impact of -€14 million on net income Group share**.

Excluding these specific items, the **underlying net income Group share**[7] was **€652 million**, down -18.1% compared to first quarter 2019. This decline was mainly due to the increase of the cost of risk, related to the provisioning of performing loans in the crisis context.

**Specific items** in this quarter (-€14 million impact on net income Group share) comprised solidarity donations in connection with the COVID-19 crisis for -€56 million in operating expenses (-€38 million contributed to the French government's solidarity fund for Crédit Agricole Assurances, -€10 million contributed to the financing of the protection of the elderly for Crédit Agricole S.A., and -€8 million contributed to the solidarity fund in Morocco for Crédit du Maroc). The impact on net income Group share was -€52 million (-€38 million, -€10 million and -€4 million respectively). To this can be added the Santander and Kas Bank integration costs incurred by CACEIS (-€4 million in operating expenses/-€2 million in net income Group share) and recurring accounting volatility items with a net positive impact of +€40 million on net income Group share, namely DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), plus the Funding Valuation Adjustment (FVA) portion associated with the change in the issuer spread, which is not hedged, totalling -€14 million, the hedge on the Large customers loan book for +€81 million, and the change in the provision for home purchase savings plans for -€27 million. In the first quarter of 2019, specific items had a **net negative impact of -€33 million on net income Group share**; they included only recurring accounting volatility items

[7] *Underlying, excluding specific items. See p.23 and onwards for more details on specific items.*

such as the Debt Valuation Adjustment (DVA, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread), amounting to -€6 million, the hedge on the Large Customers loan book for -€14 million, and the change in the provision for home purchase savings schemes in the amount of -€13 million.

Business line results were affected, in March, by the first impacts of the COVID-19 crisis in the first quarter of 2020. **Underlying net income Group share** of business lines[8] was down -23.1%. This sharp decline was primarily due to the impact on cost of risk of the provisioning on outstanding performing loans – up in all business lines – related to the COVID-19 crisis. Despite a drop in net income Group share of -10.4%/-€24 million and -21.7%/-€44 million, the Large customers and Retail banking business lines posted increases in gross operating income of +11.7% and +3.1% respectively. This was due to continued brisk business and operating efficiency efforts in both business lines. Net income Group share for the Asset gathering business line was down -21.3%/-€97 million, mainly due to the impact of significant market effects on insurance and asset management at the end of the quarter. Net income Group share for the Specialised financial services business line was down -44.2%/-€86 million, essentially due to a slowdown in business. By adding the improvement of the negative contribution by +€106m of the Corporate center, related to positive effect this quarter of the intragroup transactions in a volatile market environment, the underlying net income Group share is down -18.1%.

In the first quarter of 2020, **underlying revenues** stood at €5,137 million (+4.8%). The business lines recorded a limited decline in their revenues, -1% for the period, reflecting continued commercial momentum in the first quarter of 2020, interrupted in March by the impact of the COVID-19 crisis. Revenues were driven by the Large customers business line (+8.6%) and Retail banking (+0.8%). Commercial momentum in capital markets was sustained throughout the quarter in order to meet customers' hedging needs in a context of high volatility. This momentum offset the slowdown in financing activities. In Asset servicing, there was an impact from the scope effects of recent acquisitions. Buoyant revenues in Retail banking reflected the continued growth in loans and inflows over the quarter, as well as the high level of fee and commission income, especially on transaction fees. The Asset gathering business line recorded a drop in its revenues of -10.1% for the period. While activity was resilient in asset management and outflows were limited, the business line was nevertheless heavily impacted by negative market effects on insurance revenues (largely reversible impact of fair value through profit and loss and regulatory technical provisions). The Specialised financial services business line saw its revenues impacted (-5%) by the downturn in business for revolving loans in the consumer finance segment and factoring.

**Underlying operating expenses excluding SRF** were up +2.9% during the period. Restated for all IFRIC 21 expenses during the period (these amounted to €535 million for the quarter versus €489 million for first quarter 2019, i.e. an increase of +9.4%, including +8.6% for the SRF alone), the increase was limited to +2.5%. Both Retail banking and Large customers business lines posted positive jaws (respectively +0.1 percentage point, of which +3.6 percentage points for Retail banking in France and +0.1 percentage point for Italy, and +1.9 percentage points). Retail banking posted a decrease in expenses of -0.7% (-1.4% in France and -1.9% in Italy), which led to an increase in the cost/income ratio of 1.0 percentage point to 64.6% (2.4 for France taking it to 65.8% and 0.1 for Italy taking it to 62.7%). The Large customers business line posted an increase in the cost/income ratio of 0.6 percentage points, including 1.0 for Corporate and Investment banking. The increase in expenses in Asset servicing was primarily due to scope effects related to the latest acquisitions. The Asset gathering business line recorded controlled expenses that were up +1.9%, explained by CA Assurances taxes (+18.4%); excluding this effect, operating charges are down for asset management and stable in insurance. The Specialised financial services business line posted a moderate increase in expenses (+2.9%) primarily related to a consumer finance tax effect. Overall, the **underlying cost/income ratio excluding SRF** stood at 62.2% for first quarter 2020, **an improvement** of 1.1 percentage points over the period.

**Underlying gross operating income** was therefore up **+7.9%** from first quarter 2019 (+11.7% for Large customers, +3.0% for Retail banking, -14.1% for Specialised financial services and -23.4% for Asset gathering).

**The cost of risk** was up sharply (x2.8/-€396 million to -€621 million, versus -€225 million in first quarter 2019), largely due to outstanding performing loan provisioning related to the COVID-19 crisis in all business lines (no significant change in Bucket 3).

[8] *Excluding the Corporate Centre.*

The analysis of the cost of credit risk attests to the asset quality (NPL ratio stable at 3.1%) and good risk coverage (coverage ratio at 72.4%, up +2.7 points of percentage compared to December 2019, for a level of loan loss reserves of €9.6 billion). Starting in the first quarter of 2020, the context and uncertainties related to the global economic conditions were gradually taken into account and the expected effect of public measures were incorporated to anticipate future risks. Provisioning levels were been established to reflect the sharp decline in the environment (flat rate adjustments for the retail banking portfolios and for corporates portfolios and specific additions for some targeted sectors: tourism, automotive, aerospace, retail textile, energy, supply chain). This increase in provisioning explains 56% of the increase in the **cost of risk, which was multiplied by 2.8 since first quarter 2019. Cost on risk on outstandings[9] in the first quarter of 2020 stood at 61 basis points annualised**, x2.6 versus first quarter 2019 and almost x2 versus the previous quarter. The -€621 million charge for the quarter consisted of cost of risk of Buckets 1 and 2 at -€223 million (versus +€184 million of reversal in the previous quarter) and of cost of risk of Bucket 3 at -€382 million, sharply down compared to previous quarter (-€531 million). The four business lines that contributed the most to the cost of risk show similar variations. LCL's cost of risk stood at -€101 million (x2.3 compared to first quarter 2019, when it was at a very low level), with its cost of risk relative to outstandings[9] increasing to 31 basis points annualised (versus 20 basis points in the previous quarter and 15 basis points in first quarter 2019); CA Italia showed an increase of +23.5%, with its cost of risk relative to outstandings[9] increasing to 74 basis points annualised (versus 56 points in fourth quarter 2019 and 61 basis points first quarter 2019); and Crédit Agricole Consumer Finance posted a +70.3% increase in its cost of risk to -€164 million compared to the first quarter of 2019, with a cost of risk relative to outstandings[9] increasing to 180 basis points annualised (versus 129 basis points in fourth quarter 2019 and 111 basis points in first quarter 2019). Lastly, in financing activities, the cost of risk for the quarter stood at -€103 million, versus a reversal of +€6 million in first quarter 2019. The cost of risk relative to outstandings[9] for financing activities therefore increased to 51 basis points annualised (versus 22 basis points in fourth quarter 2019 and -2 basis points in first quarter 2019).

The contribution of **equity-accounted entities** was up **+5.8%** to €90 million, reflecting, in particular, the solid performance of the Asian Joint Ventures in asset management for the quarter and the upturn in activity in China in terms of consumer finance in March.

**Underlying income[10] before tax, discontinued operations and non-controlling interests thus decreased by -21.7%** to €1,057 million. The **underlying effective tax rate** stood at **25.2%**, down -7.1 percentage points compared to first quarter 2019, while the underlying tax charge fell -40.1% to -€243 million. The 2020 first quarter tax rate is notably impacted by the decrease of the tax rate in France since January 1st 2020 (32.02% instead of 34.43%) and by the favourable effect of international subsidiaries which have a lower tax rate than in France. The **underlying net income before non-controlling interests was therefore down -13.6%**.

**Net income attributable to non-controlling interests** increased (+10.9%) to €162 million, primarily due to the appearance of non-controlling interests in favour of Santander in asset servicing.

**Underlying net income Group share** was down **-18.1%** from first quarter 2019 to **€652 million**.

[9] *Cost of risk on outstandings (in annualised basis points)*
[10] *See p.23 for more details on specific items related to Crédit Agricole S.A.*

## Activity

**Business remained buoyant throughout the quarter, thanks to the positive performance of outstandings and production at the start of the year, to sustained customer capture and to strong commercial activity in capital markets. Activity nevertheless slowed down considerably in March due to the economic impact of COVID-19. Production fell, particularly for home loans and consumer finance. Fees and commissions income related to market volatility increased, offsetting the decline in other types of fees and commissions (insurance and banking).**

**In Savings/Retirement**, outstandings (savings, retirement and death & disability) were up +2.2% compared to March 2019 at €298.6 billion, including €63.9 billion in unit-linked contracts, up 0.3% year-on-year. Unit-linked contracts accounted for 21.4% of outstandings, down -1.4 percentage point compared to fourth quarter 2019. Premium income reached €5.9 billion for first quarter 2020 (down -25.0% compared to first quarter 2019), and the total net inflows is down by €2.0 billion compared to first quarter 2019. The quarter was characterised by outflows in euros (-€1 billion) and high net inflows in unit-linked contracts (+1.7 billion). UL contracts accounted for 41.3% of gross inflows in the quarter, up +16.3 percentage points compared to first quarter 2019 and +7.9 percentage points compared to the previous quarter. The solvency of Crédit Agricole Assurances is at a comfortable level, exceeding 234%, well above the upper limit of our control range 160%-200%.

**In Property and Casualty insurance**, Crédit Agricole Assurances continued its growth momentum, with premium growth of +7.0% in the first quarter of 2020, driven by continued strong growth in France (+7.2%). Pacifica recorded a net increase of +120,000 contracts over the quarter, reaching nearly 14.2 million contracts at end-March 2020. The equipment rate for individual customers[11] increased in the LCL networks (25.2% at end-March 2020, i.e. a +0.8 percentage point increase since March 2019) and the Regional Banks network (41.0% at end-March 2020, i.e. a +1.4 percentage point increase since March 2019), as well as in CA Italia (15.7% at end-March 2020, i.e. a +1.6 percentage point increase since March 2019). The combined ratio continued to be well managed at 95.0%, a slight increase of +0.4 percentage points year-on-year. In **Death & disability/Creditor/Group**, revenues reached nearly €1,089 million in the quarter, up +7.8% compared to the same period in 2019, driven by growth in all three business segments.

**Asset management (Amundi)** recorded limited net outflows during the quarter (-€3.2 billion) at a time of unprecedented crisis, while inflows amounted to +€2.4 billion for MLT Retail (excluding JV) and +€9.7 billion from joint ventures. Outflows for institutional customers stood at -€15.3 billion in connection with treasury products and derisking. Assets under management remained at a high level at €1,527 billion at end-March 2020, up +3.5% compared to end-March 2019, despite continuing uncertainty in the global environment.

**Retail banking** showed good resilience in terms of commercial activity. Despite a drop in loan production for LCL (-5.8% as compared to the first quarter 2019) and steady production for CA Italia (-0.8% on home loans), retail banking continued to turn in satisfactory growth rates for loans outstanding. In France, the increase for LCL was +7.8% compared to end-March 2019, driven primarily by home loans (+8.5%) and the SME and small businesses and corporates markets (+7.1%), while in Italy, the increase for CA Italia was +4.0%, driven by loans to individuals (+4.9%) and to corporates and SMEs (+4.3%), for International Retail Banking excluding Italy, the increase was +3.9%, notably driven by Egypt (+10%[12]), Ukraine (+4%[12]), Morocco (+4%[12]), and Poland (+3%[12]). In France, renegotiations on LCL housing loans reached a high level (€0.9 billion in outstanding in the first quarter of 2020, versus €1.0 billion in the fourth quarter of 2019), but was still well below the high point of the fourth quarter of 2016 (€5.2 billion). Off-balance sheet deposits were impacted by negative market effects, particularly for LCL, which suffered a drop in its off-balance sheet savings (-3.1%), especially on securities and UCITS (-13.9%), and, to a lesser

[11] *Equipment rate: percentage of individual banking customers holding at least one insurance product (Pacifica estimates). Scope: auto, home, health, life accidents and legal protection insurance.*
[12] *Excluding foreign exchange impact.*

extent, for CA Italia (+1.2%). On-balance sheet deposits, on the other hand, saw growth in all markets and were up +8.3% compared to March 2019 for LCL in France as a result of the increase in personal savings driven by demand deposits (+15.1%) and passbooks (+4.4%). For CA Italia, on-balance sheet deposits were up +5.2%, driven mostly by corporate deposits, while for all International Retail banking excluding Italy they were up +5.7%, driven by Poland (+5.2%[12]), Morocco (+4.6%[12]) and Ukraine (+24.6%[12]). Gross customer capture continued to trend upwards at LCL with +86 000 customers since the beginning of 2020, and a net increase in its customer base of +12 000 new customers. The equipment rate for property and casualty insurance for LCL rose by 0.8 percentage point year-on-year standing at 25.2%. Lastly, CA Italia recorded the first covered bond issue of the year in the Italian market in 2020 in the amount of €1.25 billion.

**In the Specialised financial services business line**, Crédit Agricole Consumer Finance **production** amounted to **€9.6 billion**, a -13% decline since the first quarter of 2019, due to the health crisis which began to impact commercial activity in March. In **France** and **Italy**, production was down -10% and -12% respectively, while the **contribution** of the **Regional Banks and LCL** showed some resilience (-4.4% and +0.8% respectively). By contrast, **business in China** took off again in March (with 16,800 new contracts at GAC Sofinco versus 3,200 in February). **Assets under management** and **consolidated outstandings** increased year-on-year by +2.1% and +3.3% respectively, to stand at **€91.4 billion** and **€34.8 billion** respectively. Meanwhile, CAL&F turned in a **strong performance** in the first quarter of 2020, despite the impacts of the health crisis, which became apparent in March. **Commercial factoring production** was **up sharply** from the first quarter of 2019 (+56.2% to €2.5 billion), both in **France** (+42.8% to €1.7 billion) and **abroad** (+92.6% to €0.8 billion). Against this backdrop, **factored revenues** increased over the period (+1.7% to €19.2 billion). **Commercial leasing production** reached €1.3 billion (up +9.2% since the first quarter of 2019) while **leasing outstandings** came in at **€15.1 billion**, **up +2.6%** year-on-year.

Activity in the **Large customers** business line was good overall, with **revenues** up in first quarter 2020 to **€1,484 million** (+8.6% from first quarter 2019). Underlying revenues for corporate and investment banking amounted to €1,202 million, an increase of +4.8%. Revenues for capital markets and investment banking rose to **€603 million** (+13.7% from first quarter 2019), due to strong commercial activity under highly volatile market conditions. To support customers, at end-March corporate and investment banking allowed the drawing down of credit lines at a rate of 32% (versus 18% at end-February), making new bond issues possible from mid-March. At 23 April, total amount withdraw from existing credit lines was €10.6 billion of which more 70% was converted into deposits. Within the capital markets and investment banking, Fixed Income Credit and Change (FICC) business line achived a very stong performance (low volatile daily results, strong commercial momentum) which shows the prudent risk management and the quality of the customer franchise. The regulatory VaR - average 60 days – is in moderate increase at €11.4 million in average in first quarter 2020, compare to €9.8 million in fourth quarter 2019, but remains at a low level. After a less buoyant start to the year and despite good activity at the end of the quarter, revenues from financing activities decreased slightly (-2.9% from first quarter 2019) to **€600 million** and this, in the absence of major deals. Structured financing recorded a drop in activity (-5.7%) due as much to a slowdown in the economy as to the still-limited impacts of the crisis. Meanwhile, revenues in commercial banking held steady (-0.7%), despite a tailing off in the syndicated loan market in the EMEA region. The bank nevertheless maintained its fifth-place ranking in the EMEA syndicated loans market. Lastly, Asset servicing (CACEIS) posted good levels of assets under custody (€3,667 billion at end-March 2020, up +32.1% year-on-year) and assets under administration (€1,833 billion, up +3.1% year-on-year) in this quarter. These increases reflect on the one hand the consolidation of the assets of Kas Bank and Santander Securities Services (“S3”) (+ € 845 billion in AuC and + € 124 billion in AuA) and on the other hand a significant increase the volume effect on the assets held thanks to the acquisition of new large customers, which offset an unfavorable market effect (-6% on AuC and -4% on AuA versus March 2019).

# Analysis of the results of Crédit Agricole S.A.'s divisions and business lines

## Asset gathering

The Asset gathering (AG) division posted underlying Net income Group share of €356 million, down -21.3% from first quarter 2019. The division contributed 47% of underlying Net income Group share of the Crédit Agricole S.A. business divisions (excluding the Corporate Centre division) in first quarter 2020 and 26% of underlying revenues also excluding the Corporate Centre.

### Insurance

Underlying revenues were down -18.7%, notably experiencing unfavourable market effects, related to fair value impacts in results for €246m and to regulatory technical reserves in unit linked contracts for €60m, partially offset by the increase in the recognition level of the investment margin. Underlying charges increased by +6.5%, mainly due to tax effects (+18.5%). Excluding that effect, underlying charges remained unchanged. Note that for this quarter there was a €38 million contribution to *Fédération Française de l'Assurance* (classified in specific items) for the self-employed and VSBs particularly affected by the crisis. Thus, the underlying cost/income ratio excluding SRF was 48.8% (+11.5 percentage points compared to first quarter 2019) and the underlying gross operating income decreased by -33.5% from first quarter 2019. The tax charge for first quarter 2020 decreased by -53.4% to €52 million, due to a lower gross operating income and a lower French tax rate. Finally, the contribution of the Insurance business line to underlying Net income Group share was down -28.4% from first quarter 2020.

### Asset management

Underlying revenues were down -7.0% to €594 million in first quarter 2020. Net management revenues were up (+5.1%), despite a difficult market environment, driven by higher management fee and commission income (+1.7%) and a doubling of performance fee and commission income. Financial revenues were affected by the market downturn in March (mark-to-market valuation of the investment portfolio) and were -€61 million in first quarter 2020. Underlying expenses decreased by -1.9% to €334 million, notably thanks to the latest synergies related to the integration of Pioneer and to the adjustment of variable compensation. Underlying gross operating income decreased by -13.5% and the underlying cost/income ratio excluding SRF was 56.3%, down 2.9 percentage points. The contribution of equity-accounted entities, comprising in particular income from Amundi's joint ventures in Asia, was up by +9.1%. Corporate income tax was down -20.4% to €69 million this quarter. In conclusion, the business line contribution to underlying net income Group share was down by -17.6% to €127 million.

### Wealth management

Underlying revenues were up by +6.4% to €215 million in first quarter 2020, driven by transaction revenues, due to the effect of high market volatility. Underlying expenses remained under control (+3.2%) and reached €185 million in first quarter 2020, as a result improving the underlying cost/income ratio excluding SRF by 2.6 percentage points to 86.3%. Underlying gross operating income increased by +34.4% (€26 million). Corporate income tax remained low at €1.4 million, notably related to the improved Swiss rate. Lastly, the business line contribution to underlying Net income Group share was up by +81.9% to €25 million in first quarter 2020.

## Retail banking

### French retail banking

Underlying revenues were up by +2.2% to €889 million in first quarter 2020. They were driven by the increase in fees and commissions income (+6.3%) due to the increased activity in securities transactions; conversely net interest margin was down by -1.3%. In relation to an LCL operational efficiency policy, expenses were down by -1.4% to €585 million in first quarter 2020, which led to an improved underlying cost/income ratio excluding SRF by 2.4 percentage points to 65.8%. Underlying gross operating income was up by +9.4% to €269 million, but was offset by a strong increase in the cost of risk, by -€101 million in first quarter 2020. The increase includes €40 million in bucket 1 and 2 additions to provisions notably in relation to the consequences of COVID-19. Lastly, the underlying net income Group share was down by -16.8% to €103 million in first quarter 2020.

### International retail banking

Underlying revenues of International retail banking are stable (-0.9%) standing at 670 million euros in the first quarter of 2020. Expenses excluding SRF are stable as well (+0.3%), but SRF do increase by +4.6%. Hence, the underlying gross operating income decreases by -3.4%. In relation with the Covid-19 provisioning policy, the cost of risk increases by +30.3% as compared to first quarter 2019, now standing at -115 million euros. Lastly, the underlying net income Group share of International retail banking stands at 56 million euros, i.e. a drop by -29,6% as compared to the first quarter of 2019.

### Italy

Underlying revenues were down by -1.8% to €444 million in first quarter 2020. Net interest margin was down by -4% due to the effect of the renegotiations and the decline of rates, affecting both the outstanding with floating-rate loans and the new loan production. Fees and commissions income remained unchanged this quarter, with fees and commissions on assets under management (life insurance and securities management) up by +10%, offsetting the banking fees and commissions that practically stopped in March 2020. Expenses were down by -1.9% bringing the underlying cost/income ratio excluding SRF to 62.7%. Thus, underlying gross operating income held up well this quarter, down only -2.2%. The cost of risk increased by +23.5% to -€82 million, including -€24 million recorded in buckets 1 and 2 primarily as provisions for COVID-19. The cost of credit risk on outstandings annualised stands thus at 74 basis points. The quality of CA Italia's assets remained good, with an NPL ratio of 7.6%, down by -70bp year-on-year, and coverage ratio stable at 60.1%. Lastly, underlying net income Group share for IRB - Italy was down -19.4% in first quarter 2020 to €34 million.

### Crédit Agricole Group in Italy

The Group's results in Italy were €109 million in first quarter 2020, i.e. a -35% decrease from first quarter 2019 due to the increase in the cost of risk.

### IRB – excluding Italy

Underlying revenues were unchanged (+0.7%) with net interest margin slightly up (+1%) and unchanged fee and commission income. Expenses rose further, by +6.1%, notably in Poland, which led to a 2.5 point decline in underlying cost/income ratio excluding SRF for IRB excluding Italy, standing at 63.3% in first quarter 2020. Underlying gross operating income thus decreased by -6.1% and, in relation to the COVID-19 provisioning policy, the cost of risk increased by 51% to -€33 million in first quarter 2020. Lastly, underlying net income Group share was €21 million, i.e. a decrease of -42.3%.

By country:

- CA Egypt[13]: underlying gross operating income was down by -19% Q1/Q1 with underlying revenues hit by the drop in rates and trade finance revenues. The risk profile remained unchanged with a low NPL ratio of 2.7% and a high coverage ratio of 154%.
- CA Poland[13] : underlying revenues were slightly down (-1%) despite the increase in fees and commissions revenues. Underlying gross operating income (-14%) was, however, hit by the increase in expenses (regulatory tax, IT and fixed asset impairment)
- CA Ukraine[13]: underlying revenues were unchanged, cost of risk was nil, and the NPL ratio improved (3.8%, -290bp as compared to the first quarter 2020)
- Crédit du Maroc[13]: revenues were up by +4%, the coverage ratio was high at 93%.

## Specialised financial services

In first quarter 2020, the underlying net income Group share of the Specialised financial services division was €109 million, down -44% from first quarter 2019, notably due to a substantial increase in the cost of risk related to provisioning notably in response to the COVID-19 crisis.

### Consumer finance

**In first quarter 2020**, the **underlying revenues** of CA Consumer Finance were €518 million, down -4.2%, as was underlying **gross operating income** (-12.5%), amid a slowdown of revolving loan activity and an increase in the acquisition costs in relation to the development of partnerships. The underlying **cost of risk** recorded an increase of 70.3% related to an increase in buckets 1 & 2 provisions (+€37 million). Lastly, the **underlying net income Group share** of CA Consumer Finance was €97 million (-40.2% from first quarter 2019).

### Leasing & Factoring

**In first quarter 2020**, the **underlying revenues** of CAL&F were €129 million, down -8%, as was underlying **gross operating income** (-21.3%), the COVID-19 crisis having started to affect CAL&F's activity since March. The underlying **cost of risk** recorded an increase (x2.3) related to the **prudent measures** in place. Lastly, **CAL&F's underlying net income Group share** was €12 million, down by 62.6% from first quarter 2019.

## Large customers

In first quarter 2020, the **underlying net income Group share** of the Large customers division was €208 million, down -10.4% from first quarter 2019, notably due to a substantial increase in the cost of risk with a provision of -€160 million in the first quarter 2020 vs a net reversal of €10 million in the first quarter 2019 related to provisioning notably in response to the COVID-19 crisis.

### Corporate and investment banking

**In first quarter 2020**, **underlying revenues** increased by +4.8% to €1,202 million, thanks to the good performance of capital markets and investment banking in a highly volatile financial market environment. **Underlying revenues** of capital markets and investment banking were up +13.7% to €603 million, while those of financing activities were slightly down (-2.9%) to €600 million. Expenses excluding SRF remained under control and rose by €19 million to €668 million, i.e. +2.9%. SRF increased by 5.3% to €178 million. The **underlying cost/income ratio excluding SRF** improved by 1 point due to this positive jaws effect to 55.6%. **Underlying gross operating income** increased by +8.1% to €355 million reflecting a good operational efficiency. The **cost of risk** rose sharply this quarter due to the provisioning of performing loans, to €157 million, while it had posted

[13] *Excluding forex effect*

a reversal of €15 million for the same period in 2019. Finally, **tax** was sharply down this quarter and partially offset the increase in the cost of risk. Lastly, the business line contribution to **underlying net income Group share** was down by -13.5% to €185 million.

### Asset servicing

**In first quarter 2020**, **underlying revenues** rose by +28.9% to €281 million due to the effect of the integration of the fee and commission income of Kas Bank and S3, the increase in the volume of transactions and flow activities due to high volatility, and good treasury results. Expenses excluding SRF rose to €212 million, i.e. +24.9%, in relation to the commercial development. SRF increased by 32% to €21 million. The **underlying cost/income ratio excluding SRF** improved by 2.4 points due to this positive jaws effect to 75.4%. **Underlying gross operating income** was sharply up, (by almost +49% to €48 million) while the **tax** was up. In all, the contribution of the asset servicing business line to **underlying net income Group share** was up +27% to €23 million, despite the creation of non-controlling interests this quarter for the benefit of Santander for €11 million.

## Corporate Centre

An analysis of the negative contribution of the Corporate Centre looks at both the "structural" contribution and other items. The "structural" contribution includes three types of activities:

- the activities and the role of the corporate centre of Crédit Agricole S.A. holding. This negative contribution reached -€293 million in first quarter 2020, slightly down (-€5 million) compared to the first quarter 2019 due to the effect of a measured increase in operating expenses and an increase in the cost of risk, despite improved revenues linked to the continuous decrease in the cost of debt;
- the business lines that are not part of business lines, such as CACIF (private equity) and CA Immobilier: their contribution was down -€13 million in first quarter 2020 compared to the first quarter 2019, in relation to a negative impact in revenues of the market valuations of securities in the private equity entities and a negative impact in cost of risk in the Foncaris entity;
- the Group's support functions: first quarter 2020 recorded a positive impact of +€4 million, a slight improvement compared to the first quarter 2019 (+€5 million). Their contribution, however, remains essentially nil over a rolling 12-month period, as their services are reinvoiced to the other Group business lines.

The significant improvement in this division is mainly attributed this quarter to the "other elements" which recorded an improvement of +€126 million compared to the first quarter 2019, related to the positive effect this quarter of intragroup eliminations in a volatile market context.

Philippe Brassac, Chief Executive Officer, commented on the first quarter 2020 results and activity of Crédit Agricole S.A. as follows: "*Our results are good, and allowed us, this quarter, to absorb a multiplication of cost of risk by three. We are solid, we are prudent in our assumptions, and we are very committed vis-à-vis the economy to successfully deliver with success a scenario that we believe to be quite manageable*".

# Financial solidity

## Crédit Agricole Group

Over the quarter, the Crédit Agricole Group maintained a high level of financial strength, with a **Common Equity Tier 1 (CET1) ratio of 15.5%**, down **-0.4 percentage points** from end-December 2019. This decline can be attributed mainly to the increase in risk-weighted assets, the effect of market valuations on unrealised gains and/or losses on securities portfolios (-18 basis points) but also the modest level of retained earnings (+11 basis points), the changes in negative fair value generating unrealised capital losses in the results of Crédit Agricole Assurances and the Regional Banks. The ratio also recorded the impact of a new regulatory methodology on securitisations (-15 basis points) over the quarter. In addition, the increase in risk-weighted assets over the period generated an unfavourable effect on the CET1 ratio of -34 basis points. In fact, the risk-weighted assets of the business lines increased by +€12.5 billion, this increase being specifically attributable to the Large customers division (+€7.5 billion, including respectively +€6.5 billion for CACIB and +€1.0 billion for CACEIS) and the Retail banking division (+€2.0 billion, including +€1.2 billion in the Regional Banks).

At the same time, the measures put in place by regulators to deal with the COVID-19 crisis have led to a decrease in regulatory requirements, thanks on the one hand to the immediate application of Article 104a which implies a decrease in P2R CET1 requirements by -0.66 percentage point and, on the other hand, a relaxation of several counter-cyclical buffers, which as at 2 April 2020[14] represented a -0.18 percentage point decrease in the CET1 requirement. Combined, these two effects generated an overall drop of -0.8 percentage points in CET1 SREP requirements for first quarter 2020, a more significant drop than that of the CET1 ratio of the Crédit Agricole Group.

In the end, these Crédit Agricole Group posts a substantial buffer of 6,6 percentage points between the level of its CET1 ratio and the 8.9% SREP requirement for Crédit Agricole Group (at 2 April 2020[14]), compared with 6,2 percentage points at 31 December 2019.

The **phased-in leverage ratio** came to **5.3%** at end-March 2020.

### TLAC

The Financial Stability Board (FSB) has defined the calculation of a ratio aimed at estimating the adequacy of the bail-in and recapitalisation capacity of Global Systemically Important Banks (G-SIBs). This Total Loss Absorbing Capacity (TLAC) ratio provides resolution authorities with the means to assess whether G-SIBs have sufficient bail-in and recapitalisation capacity before and during resolution. It applies to Global Systemically Important Banks, and therefore to Crédit Agricole Group.

The elements that could absorb losses consist of equity, subordinated notes and debts to which the Resolution Authority can apply the bail-in.

The TLAC ratio requirement has been transposed into European Union law *via* CRR2 and has been applicable since 27 June 2019. As from that date, Crédit Agricole Group must comply with the following requirements at all times:

- a TLAC ratio above 16% of risk-weighted assets (RWA), plus – in accordance with CRD5 – a combined capital buffer requirement (including, for the Crédit Agricole Group, a 2.5% capital conservation buffer, a 1% G-SIB buffer and the counter-cyclical buffer). Considering the combined capital buffer requirement, Crédit Agricole Group will have to adhere to a TLAC ratio of above 19.5% (plus the counter-cyclical buffer)
- a TLAC ratio of above 6% of the Leverage Ratio Exposure (LRE).

[14] *Including the relaxation of France's counter-cyclical buffer, as from 02/04/2020.*

As from 1 January 2022, the minimum TLAC ratio requirements will increase to 18% of risk-weighted assets – plus the combined buffer requirement at that date – and 6.75% of the leverage ratio exposure.

At 31 March 2020, **the Crédit Agricole Group's TLAC ratio** stood at **22.6% of RWAs and 7.3% of leverage ratio exposure**, **excluding eligible senior preferred debt**. The TLAC ratio is stable compared to 31 December 2019, despite the increase in risk-weighted assets over the quarter. It exceeded the required 19.5% of RWAs (according to CRR2/CRD5, plus, at 2 April 2020, the counter-cyclical buffer of 0.02%) and 6% of the leverage ratio exposure, respectively, despite the fact that it was possible at that date to include up to 2.5% of RWAs in eligible senior preferred debt.

Achievement of the TLAC ratio is supported by an **annual TLAC debt issuance programme of around €5 to €6 billion in the wholesale market.** At 31 March 2020, €2.5 billion equivalent had been issued in the market; the amount of the Crédit Agricole Group senior non-preferred debt taken into account in the computation of the TLAC ratio was €19.6 billion. Note that mid-April 2020, Crédit Agricole S.A. issued €1.5 billion TLAC debt in senior non-preferred debt.

## MREL

The MREL (Minimum Requirement for Own Funds and Eligible Liabilities) ratio is defined in the European "Bank Recovery and Resolution Directive" (BRRD). This Directive establishes a framework for the resolution of banks throughout the European Union, with the aim of providing the resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayer exposure to losses.

The ACPR, the national resolution authority, considers the "single point of entry" (SPE) resolution strategy as the most appropriate for the French banking system. Accordingly, Crédit Agricole S.A., as the central body of Crédit Agricole Group, would be this single point of entry in the event of a resolution of the Crédit Agricole Group.

The MREL ratio corresponds to the minimum requirement of own funds and eligible liabilities that must be available in order to absorb losses in the event of resolution. It is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the institution's total liabilities and own funds, after certain prudential adjustments (TLOF), or expressed as risk-weighted assets (RWA). Regulatory capital, as well as subordinated notes, senior non-preferred debt instruments and certain senior preferred debt instruments with residual maturities of more than one year are eligible for the numerator of the MREL ratio.

In 2018, Crédit Agricole Group was notified of its first consolidated MREL requirement, which was already applicable at the time and has been met by the Group since then. This requirement could potentially change when the ratio for the year is set by the SRB and in connection with the changes in the European regulatory framework. The MREL Policy, published by the SRB in January 2019, describes the general framework of the requirements that will be set by the SRB and that will apply in 2020 after notice, including a subordinated MREL requirement (from which senior debt will generally be excluded in line with the TLAC standards).

**Crédit Agricole Group's target is to reach a subordinated MREL ratio (excluding eligible senior preferred debt) of 24-25% of the RWA by the end of 2022 and to maintain the subordinated MREL ratio above 8% of TLOF**. This level would enable recourse to the Single Resolution Fund (subject to the decision of the resolution authority) before applying the bail-in to senior preferred debt, creating an additional layer of protection for investors in senior preferred debt.

At 31 March 2020, the **Crédit Agricole Group posted an estimated MREL ratio of 12% of TLOF** (total liabilities and own funds, equivalent to the prudential balance sheet after netting of derivatives) **and 8.1% excluding eligible senior preferred debt.** Expressed as a percentage of risk-weighted assets, the Crédit Agricole Group's estimated MREL ratio was approximately **32%** at end-March 2020. **It was 22.6% excluding eligible senior preferred debt.**

### Maximum Distributable Amount (MDA) trigger

The transposition of Basel regulations into European law (CRD4) has established a restriction mechanism of the distributions applicable to dividends, AT1 instruments and variable compensation. The Maximum Distributable Amount (MDA, the maximum sum a bank is allowed to allocate to distributions) principle aims to place limitations on distributions in the event the latter were to result in non-compliance with combined capital buffer requirements.

The distance to the MDA trigger is the lowest of the respective distances to the SREP requirements in CET1 capital, Tier 1 capital and total capital. As from 12 March 2020 and considering the impact of the COVID-19 crisis, the European Central Bank brought forward the effective date of application of Article 104a of CRD5 and allowed institutions under its supervision to use Tier 1 and Tier 2 capital to meet the additional Pillar 2 requirement (P2R). Overall, the P2R can now be met with 75% Tier 1 capital including as a minimum 75% CET1 capital. The CET1 requirement of Crédit Agricole SA and Crédit Agricole Group has thus decreased by 66 basis points over Q1 2020.

At 2 April 2020, **Crédit Agricole Group** posted a buffer of **579 basis points above the MDA trigger, i.e. €33 billion in CET1 capital**.

At 2 April 2020, **Crédit Agricole S.A.** posted a buffer of **325 basis points above the MDA trigger, i.e. €11 billion in CET1 capital**.

## Crédit Agricole S.A.

At end-March 2020, Crédit Agricole S.A. retained a high level of solvency, with a **Common Equity Tier 1 (CET1) ratio of 11.4%. This quarter it was down -0.8 percentage points, -0.4 percentage points of which can be attributed to the unwinding of 35% of the Switch mechanism**. Excluding this effect, the CET1 ratio benefited this quarter from the 2019 dividend reserves, generating a positive impact of +60 basis points, as well as from the positive impact of the retained earnings for the first quarter of 2020 (+7 basis points, which includes a dividend provision of €0.08). Conversely, it recorded a negative impact of -33 basis points over the quarter linked to the effect of negative market valuations on the unrealised gains and/or losses of the securities portfolios, as well as a negative impact of -41 basis points linked to the increase in risk-weighted assets, especially in the Large customers division (including +€6.4 billion for CACIB notably linked to drawdowns of credit lines for +€2.1 billion, to downgrades in ratings for +€0.4 billion as well as market effects for +€4.4 billion and +€1.0 billion for CACEIS linked to the increase in liquidity portfolio investments). The ratio also recorded the impact of a new regulatory methodology on securitisations (-19 basis points) over the quarter.

At the same time, the measures put in place by regulators to deal with the COVID-19 crisis have led to lower regulatory requirements, thanks on the one hand to the immediate application of Article 104a which implies a decrease in P2R CET1 requirements by -0.66 percentage point and on the other hand, an easing of several counter-cyclical buffers, which as at 2 April 2020[15] represented a -0.15 percentage point decrease in the CET1 requirements. Combined together, these two effects generated a total decrease of -0.8 percentage point in CET1 SREP requirements for first quarter 2020, a more significant drop than that of the CET1 ratio of Crédit Agricole S.A.

In the end, these two effects allow Crédit Agricole S.A. to have a substantial buffer of 3.5 percentage points between the level of its CET1 ratio and the 7.9% SREP requirement (at 2 April 2020[15]), compared with 3,4 percentage points at 31 December 2019.

The phased-in **leverage ratio** was **3.9%** at end-March 2020. The intra-quarter average measure of phased-in leverage ratio[16] stood at 3.7% in the first quarter of 2020.

[15] *Including the relaxation of France's counter-cyclical buffer, as from 02/04/2020.*
[16] *Intra-quarter leverage refers to the average of the end of month exposures for the first two months of said quarter.*

## Liquidity and Funding

Liquidity is measured at Crédit Agricole Group level.

In order to provide simple, relevant and auditable information on the Group's liquidity position, the banking cash balance sheet's stable resources surplus is calculated quarterly.

The banking cash balance sheet is derived from Crédit Agricole Group's IFRS financial statements. It is based on the definition of a mapping table between the Group's IFRS financial statements and the sections of the cash balance sheet as they appear in the next table and whose definition is commonly accepted in the market place. It relates to the banking scope, with insurance activities being managed in accordance with their own specific prudential constraints.

Further to the breakdown of the IFRS financial statements in the sections of the cash balance sheet, netting calculations are carried out. They relate to certain assets and liabilities that have a symmetrical impact in terms of liquidity risk. Deferred taxes, fair value impacts, collective impairments, short-selling transactions and other assets and liabilities were netted for a total of €64 billion at end-March 2020. Similarly, €88 billion in repos/reverse repos were eliminated insofar as these outstandings reflect the activity of the securities desk carrying out securities borrowing and lending operations that offset each other. Other nettings calculated in order to build the cash balance sheet relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by the Corporate and investment banking business line, included in the "Customer-related trading assets" section, for an amount totalling €205 billion at end-March 2020.

It should be noted that deposits centralised with CDC are not netted in order to build the cash balance sheet; the amount of centralised deposits (€57 billion at end-March 2020) is booked to assets under "Customer-related trading assets" and to liabilities under "Customer-related funds".

In a final stage, other restatements reassign outstandings that accounting standards allocate to one section, when they are economically related to another. As such, senior issues placed through the banking networks as well as financing by the European Investment Bank, the Caisse des Dépôts et Consignations and other refinancing transactions of the same type backed by customer loans, which accounting standards would classify as "Long-term market funds", are reclassified as "Customer-related funds".

Note that for Central Bank refinancing operations, outstandings related to the TLTRO (Targeted Longer-Term Refinancing Operations) are included in "Long-term market funds". Indeed, the TLTRO II and TLTRO III operations do not allow for early redemption at the ECB's discretion; given respectively their four-year and three-year contractual maturity, they are deemed equivalent to long term secured refinancing, identical in liquidity risk terms to a secured issue.

Medium/long-term repos are also included in "Long term market funds".

Finally, the CIB's counterparties that are banks with which we have a commercial relationship are considered as customers in the construction of the cash balance sheet.

Despite the COVID-19 health crisis, the Crédit Agricole Group's liquidity position remains solid. Standing at €1,411 billion at 31 March 2020, the Group's banking cash balance sheet shows a **surplus of stable funding resources over stable application of funds of €132 billion**, up €6 billion compared to December 2019 and up €11 billion compared to March 2019.

This surplus of €132 billion, known as stable resources position, allows the Group to cover the LCR deficit generated by long-term assets and stable liabilities (customer, tangible and intangible assets, long-term funds and own funds). It is in line with the Medium Term Plan target of over €100 billion. The **ratio of stable resources over long term applications of funds was** 112.1**%**, up by 0.3pp compared to the former quarter.

The COVID-19 health crisis, which led to corporate customers in particular taking precautionary measures, resulted in the corporate customers of the Group's financing activities increasing the drawdowns of credit facilities (amounting to €9 billion at 31 March 2020), partly converted into demand deposits (for an amount of €5.5 billion at 31 March 2020), as well as new facility commitments (for an amount of €2 billion at 31 March 2020). In addition, to support households and corporates, Credit Agricole Group has adopted an accommodating commercial policy (extension of loan maturity, among other things). At the same time, modified savings behaviours by corporates, asset managers and households resulted in reduced maturity for term deposits but also in an increase in liquid savings and centralised savings, mitigating the impact on the Group's surplus of stable resources. Also, in this context, the Group took part in the "T-LTRO III" medium-long-term refinancing transactions of the European Central Bank for €15 billion euros in a more significant way than budgeted, helping to maintain its level of stable resources and thus preserving its financial strength. The increase in short term market funds is mainly explained by central bank drawdowns for €38 billion euros.

Medium-to-long-term market funds amounted to €228 billion at 31 March 2020. They included senior secured debt of €100 billion, senior unsecured preferred debt of €89 billion, senior non-preferred debt of €20 billion and Tier 2 securities amounting to €19 billion. The significant increase in senior secured debt can be explained by the Group taking part in the T-LTRO III transactions of the European Central Bank.

Medium-to-long-term market funds have increased by €18 billion compared to end-December 2019.

At 31 March 2020, the Group's liquidity reserves, marked-to-market and after haircuts, amounted to €338 billion, up by €40 billion compared with end-December 2019 and up by €64 billion compared with 31 March 2019. They covered short-term debt more than twice over and HQLA securities covered short-term debt net of Central Bank deposits more than five times over.

In the context of the COVID-19 health crisis, to prevent any need for liquidity requiring the use of central bank facilities, and thanks to the large portfolio of liquid assets and the low level of encumbrance of those assets (17.5% at end 2019 vs 28% on average in Europe), the Group was able to react quickly. In fact, the Group significantly increased its central bank purchasing power thanks to an increase in immediately available reserves (use of eligible receivables to generate more than €50 billion in central bank purchasing power at 31 March 2020 before the measures taken by the ECB on collateral and applicable in April which will significantly help to increase the Group purchasing power in central bank). The Group encumbrance ratio is thus up significantly compared to end 2019.

At the end of March 2020, the numerator of the LCR ratio (including the portfolio of HQLA securities, cash and central bank deposits, excluding reserve requirements), calculated as an average over 12 months, stood respectively at 232.6 billion euros for the Crédit Agricole Group and € 199.9 billion for Crédit Agricole SA The denominator of the ratio (representing net cash outflows), calculated as an average over 12 months, stood respectively at € 179.2 billion for the Crédit Agricole Group and 150.5 billion euros for Crédit Agricole SA.

The average LCR ratios over 12 months for the Crédit Agricole Group and Crédit Agricole SA were respectively 129.8% and 132.8% at end of March 2020. They exceeded the Medium-Term Plan target of around 110%. Credit institutions are subject to a threshold for this ratio, set at 100% from 1 January 2018.

In the context of the COVID-19 health crisis, the maintenance of the level of LCR ratios of the Crédit Agricole Group and Crédit Agricole S.A. was ensured in particular by the recourse of the Group, and in particular of Crédit Agricole S.A., to central bank facilities.

The Group continues to follow a prudent policy as regards medium-to-long-term refinancing, with a very diversified access to markets in terms of investor base and products.

At 31 March 2020, the Group's main issuers raised the equivalent of €12.1 billion in medium-to-long-term debt on the markets, 38% of which was issued by Crédit Agricole S.A. In addition, €1.5 billion was also borrowed from national and supranational organisations, placed in Crédit Agricole Group's Retail banking networks (Regional Banks, LCL and CA Italia) and other networks at end-March 2020.

**At the end of April 2020, Crédit Agricole S.A. had completed 67% of its medium-to-long-term market funding programme for the year.** The bank had raised the equivalent of €8.1 billion, of which €2.8 billion equivalent in senior non-preferred debt and €1.2 billion equivalent in Tier 2 debt, as well as €4.1 billion equivalent in senior preferred debt and in senior secured debt.

Note that, until March 2020, Crédit Agricole S.A. had issued (included in the amounts above):

- In January, an EMTN issue in senior non-preferred debt for €1.25 billion and a USMTN Tier 2 issue for USD 1.25 billion)
- In February, a CAHL SFH senior secured debt issue in the amount of €1 billion and a Residential Mortgage-Backed Securities (RMBS) issue in the amount of €1 billion.

In April, despite the impact of the coronavirus, Crédit Agricole S.A. issued CAHL SFH senior secured debt in the amount of €2 billion, followed by an EMTN issue of senior non-preferred debt for €1.5 billion.

Note that, in April, Crédit Agricole S.A. proceeded with a partial buyback of two Legacy Tier 1 notes for a total eq. amount of €91m (26% of the residual amount) to optimise debt management while providing investors with liquidity.

## Corporate Social and Environmental Responsibility of the Company

After the creation in 2018 of a fund focused on access to education, CPR AM – a subsidiary of Amundi – launched, in early 2020, CPR Invest Social Impact, the first global equity fund to place reducing inequalities at the centre of its investment process. It combines the securities of the most virtuous companies in terms of involvement in the effort to reduce inequalities. The fund provides investors with an unprecedented solution to, on the one hand, measure and incorporate the financial risks associated with inequality, and, on the other hand, contribute, through their investments, to reduce the latter.

In January 2020, LCL introduced its first full range of investments in the fight against global warming. “LCL Placements Impact Climat” offers a variety of investments in all major asset classes and comprises, among other things, equity or bond funds of companies that reduce their CO2 emissions, reinforced by a carbon offsetting mechanism. This range is aimed at LCL’s high net worth customers who are concerned with contributing to the fight against global warming through their investments.

The Group’s CSR sector policies dealing with thermal coal (mines, coal-fired power plants and transport infrastructure) have been updated to incorporate Crédit Agricole’s commitments to gradually exclude thermal coal from its portfolios. These policies embody Crédit Agricole’s desire to support and encourage its customers to initiate the transformation of their business model. The Group’s climate strategy has recently been recognised as the strongest among the 35 largest banks in the world (Banking on Climate Change 2020 study, conducted by environmental NGOs).

At the end of March 2020, Crédit Agricole S.A. published its Statement of Non-Financial Performance (*Déclaration de Performance Extra-Financière*, DPEF) within the Universal Registration Document. The Statement of Non-Financial Performance presents all of the Group’s achievements relating to social, environmental and societal challenges in 2019, and aims to inform internal and external stakeholders about the management of the risks related to those challenges. A real strategic management tool for the Group, it includes a chapter on climate which follows, for the first time, the 11 recommendations of the Task Force on Climate-related Financial Disclosures (as well as the Group’s coal exposure). For more information: https://www.credit-agricole.com/pdfPreview/180684

## Conclusion: An up-and-running Group with structural strengths enabling to support clients through the crisis

Crédit Agricole Group relies on several structural strengths, offering leeway to implement public measures and assist clients through the crisis: its business model, its operational efficiency, its prudent risk management, the solidity of its capital and its strong liquidity position.

Its universal customer-focused banking model provides to the Group a range of specialised business lines that have demonstrated their profitability (underlying ROTE[17] of Crédit Agricole S.A. reaching 11.9% end 2019). Crédit Agricole S.A.'s revenues are thus balanced among business lines and geographically diversified: one-third of Crédit Agricole S.A.'s revenues in 2019 was generated outside France and Italy. In addition, Crédit Agricole S.A. has carried out operational efficiency actions allowing it to improve its cost/income ratio by 7.6 points between 2015 and 2019. Crédit Agricole S.A.'s underlying cost/income ratio excluding SRF was low in first quarter 2020, at 62.2%, improving vs the first quarter of 2019.

The Bank also relies on its conservative risk management. In 2019, Crédit Agricole S.A. and the Crédit Agricole Group presented a low cost of risk, with fourth quarter 2019 cost of risk on outstandings[18] at 32 basis points and 20 basis points respectively, enabling today to fully implement public measures and support customers through the crisis. It is worth recalling that Crédit Agricole S.A. relies on a very diversified loan portfolio in terms of type of customers and sectors (no sector represents more than 4% of CASA's total exposure[19]); and 73% of Corporate exposures are rated[20] Investment Grade. The lessons learned from previous crises have led the Bank to significantly reduce its exposure to market risk. Crédit Agricole S.A. thus had a regulatory VaR (60 days average) of only €11.4 million in first quarter 2020.

The solvency of the Group is moreover very strong: 15.5% Common Equity Tier 1 for the Crédit Agricole Group and 11.4% for Crédit Agricole S.A. in first quarter 2020, as well as 16.3% in Tier 1 (phased-in) for the Crédit Agricole Group and 12.9% for Crédit Agricole S.A. over the same period. The Group presents higher levels of capital than those presented in previous crises. In fact, Crédit Agricole Group and Crédit Agricole S.A.'s Tier 1 were respectively 11.2% and 11.9% in fourth quarter 2011, and 9.1% and 9.4% in fourth quarter 2008. In addition, the SREP requirement buffer remained comfortable in first quarter 2020: 6.6 pp for the Crédit Agricole Group and 3.5 pp for Crédit Agricole S.A.

Lastly, the Crédit Agricole Group's liquidity position is strong. The Group presents large eligible claim book and low asset encumbrance ratio (17.5% at end 2019 versus European average of 28%). Liquidity reserves amount to €338 billion in liquidity reserves in first quarter 2020, i.e. an increase by 40 billion euros from 31/12/2019. Lastly, stable resources position stand at 132 billion euros.

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[17] *Return on Tangible Equity*
[18] *Cost of risk on outstanding (in basis point over a rolling four quarter period)*
[19] *Exposure at Default*
[20] *Internal methodology, 03/2020*

# Appendix 1 – Specific items, Crédit Agricole S.A. and Crédit Agricole Group

## Crédit Agricole S.A. - Specific items, Q1-20 and Q1-19

| In €m | Q1-20 | | Q1-19 | |
|---|---|---|---|---|
| | *Gross impact** | *Impact on Net income* | *Gross impact** | *Impact on Net income* |
| DVA (LC) | (19) | (14) | (8) | (6) |
| Loan portfolio hedges (LC) | 123 | 81 | (19) | (14) |
| Home Purchase Savings Plans (FRB) | (11) | (7) | (8) | (5) |
| Home Purchase Savings Plans (CC) | (29) | (20) | (13) | (8) |
| **Total impact on revenues** | **63** | **40** | **(48)** | **(33)** |
| Santander/Kas Bank integration costs (LC) | (4) | (2) | - | - |
| Donation Covid-19 (AG) | (38) | (38) | - | - |
| Donation Covid-19 Covid-19 (IRB) | (8) | (4) | - | |
| Donation Covid-19 Covid-19 (CC) | (10) | (10) | - | |
| **Total impact on operating expenses** | **(60)** | **(54)** | **-** | **-** |
| ***Total impact of specific items*** | ***3*** | ***(14)*** | ***(48)*** | ***(33)*** |
| ***Asset gathering*** | ***(38)*** | ***(38)*** | ***-*** | ***-*** |
| ***French Retail banking*** | ***(11)*** | ***(7)*** | ***(8)*** | ***(5)*** |
| ***International Retail banking*** | ***(8)*** | ***(4)*** | | ***-*** |
| ***Specialised financial services*** | ***-*** | ***-*** | ***-*** | ***-*** |
| ***Large customers*** | ***100*** | ***66*** | ***(27)*** | ***(20)*** |
| ***Corporate centre*** | ***(39)*** | ***(30)*** | ***(13)*** | ***(8)*** |

** Impact before tax and before minority interests*

## Crédit Agricole Group - Specific items, Q1-20 and Q1-19

| In €m | Q1-20 | | Q1-19 | |
|---|---|---|---|---|
| | *Gross impact** | *Impact on Net income* | *Gross impact** | *Impact on Net income* |
| DVA (LC) | (19) | (14) | (8) | (6) |
| Loan portfolio hedges (LC) | 123 | 83 | (19) | (14) |
| Home Purchase Savings Plans (LCL) | (11) | (8) | (8) | (5) |
| Home Purchase Savings Plans (CC) | (29) | (20) | (13) | (8) |
| Home Purchase Savings Plans (RB) | (75) | (51) | (78) | (51) |
| **Total impact on revenues** | **(12)** | **(9)** | **(126)** | **(85)** |
| Santander/Kas Bank integration costs (LC) | (4) | (2) | - | - |
| Donation Covid-19 (AG) | (38) | (38) | | |
| Donation Covid-19 (IRB) | (8) | (4) | | |
| Donation Covid-19 (RB) | (10) | (10) | - | - |
| Donation Covid-19 (CC) | (10) | (10) | - | - |
| **Total impact on operating expenses** | **(70)** | **(64)** | **-** | **-** |
| **Total impact of specific items** | **(82)** | **(73)** | **(126)** | **(85)** |
| ***Asset gathering*** | ***(38)*** | ***(38)*** | ***-*** | ***-*** |
| ***French Retail banking*** | ***(96)*** | ***(68)*** | ***(87)*** | ***(57)*** |
| ***International Retail banking*** | ***(8)*** | ***(4)*** | | ***-*** |
| ***Specialised financial services*** | ***-*** | ***-*** | ***-*** | ***-*** |
| ***Large customers*** | ***100*** | ***67*** | ***(27)*** | ***(20)*** |
| ***Corporate centre*** | ***(39)*** | ***(30)*** | ***(13)*** | ***(8)*** |

** Impact before tax and before minority interests*

# Appendix 2 – Crédit Agricole S.A.: Results by business line

## Crédit Agricole S.A.: Contribution by business line Q1-20 & Q1-19

| Q1-20 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|
| €m | AG | FRB (LCL) | IRB | SFS | LC | CC | Total |
| **Revenues** | **1,320** | **877** | **670** | **647** | **1,587** | **99** | **5,200** |
| Operating expenses excl. SRF | (806) | (585) | (430) | (352) | (884) | (198) | (3,254) |
| SRF | (7) | (35) | (16) | (20) | (200) | (83) | (360) |
| **Gross operating income** | **507** | **258** | **225** | **275** | **503** | **(182)** | **1,586** |
| Cost of risk | (19) | (101) | (115) | (190) | (160) | (36) | (621) |
| Cost of legal risk | - | - | - | - | - | - | - |
| Equity-accounted entities | 14 | - | - | 72 | 2 | 3 | 90 |
| Net income on other assets | 4 | 0 | 1 | 0 | (0) | 0 | 5 |
| Change in value of goodwill | - | - | - | - | - | - | - |
| **Income before tax** | **505** | **157** | **111** | **157** | **345** | **(216)** | **1,060** |
| Tax | (122) | (56) | (37) | (29) | (56) | 39 | (261) |
| Net income from discontinued or held-for-sale operations | - | - | (0) | - | - | - | (0) |
| **Net income** | **383** | **101** | **74** | **128** | **289** | **(176)** | **799** |
| Non controlling interests | (65) | (5) | (22) | (19) | (16) | (34) | (161) |
| **Net income Group Share** | **318** | **96** | **52** | **109** | **273** | **(210)** | **638** |

| Q1-19 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|
| €m | AG | FRB (LCL) | IRB | SFS | LC | CC | Total |
| **Revenues** | **1,469** | **861** | **677** | **681** | **1,339** | **(171)** | **4,855** |
| Operating expenses excl. SRF | (753) | (593) | (420) | (342) | (819) | (177) | (3,104) |
| SRF | (5) | (30) | (15) | (18) | (186) | (78) | (332) |
| **Gross operating income** | **711** | **238** | **241** | **320** | **334** | **(425)** | **1,419** |
| Cost of risk | 4 | (44) | (89) | (107) | 10 | 2 | (225) |
| Cost of legal risk | - | - | - | - | - | - | - |
| Equity-accounted entities | 13 | - | - | 78 | (0) | (6) | 85 |
| Net income on other assets | 0 | 1 | 0 | 0 | 3 | 19 | 23 |
| Change in value of goodwill | - | - | - | - | - | - | - |
| **Income before tax** | **728** | **194** | **153** | **291** | **346** | **(410)** | **1,302** |
| Tax | (199) | (69) | (44) | (64) | (129) | 111 | (394) |
| Net income from discontinued or held-for-sale operations | (0) | - | - | - | - | - | (0) |
| **Net income** | **530** | **125** | **109** | **227** | **217** | **(299)** | **908** |
| Non controlling interests | (77) | (6) | (29) | (33) | (4) | 4 | (145) |
| **Net income Group Share** | **453** | **119** | **79** | **194** | **212** | **(295)** | **763** |

# Appendix 3 – Crédit Agricole Group: Results by business line

## Crédit Agricole Group: Contribution by business line Q1-20 & Q1-19

| | Q1-20 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| €m | RB | LCL | IRB | AG | SFS | LC | CC | Total |
| **Revenues** | **3,160** | **877** | **696** | **1,334** | **647** | **1,589** | **64** | **8,366** |
| Operating expenses excl. SRF | (2,263) | (585) | (450) | (806) | (352) | (884) | (208) | (5,548) |
| SRF | (94) | (35) | (16) | (7) | (20) | (200) | (83) | (454) |
| **Gross operating income** | **803** | **258** | **230** | **521** | **275** | **505** | **(228)** | **2,363** |
| Cost of risk | (307) | (101) | (117) | (19) | (190) | (160) | (37) | (930) |
| Cost of legal risk | - | - | - | - | - | - | - | - |
| Equity-accounted entities | 3 | - | - | 14 | 72 | 2 | - | 91 |
| Net income on other assets | 0 | 0 | 1 | 4 | 0 | (0) | 0 | 5 |
| Change in value of goodwill | - | - | - | - | - | - | - | - |
| **Income before tax** | **499** | **157** | **114** | **519** | **157** | **347** | **(264)** | **1,530** |
| Tax | (238) | (56) | (38) | (126) | (29) | (56) | 63 | (481) |
| Net income from discont'd or held-for-sale ope. | - | - | (0) | - | - | - | - | (0) |
| **Net income** | **261** | **101** | **76** | **393** | **128** | **290** | **(202)** | **1,048** |
| Non controlling interests | (1) | (0) | (17) | (62) | (19) | (10) | (30) | (140) |
| **Net income Group Share** | **260** | **100** | **59** | **331** | **109** | **280** | **(232)** | **908** |

| | Q1-19 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| €m | RB | LCL | IRB | AG | SFS | LC | CC | Total |
| **Revenues** | **3,411** | **861** | **1,461** | **702** | **681** | **1,338** | **(257)** | **8,196** |
| Operating expenses excl. SRF | (2,192) | (593) | (753) | (439) | (342) | (819) | (139) | (5,277) |
| SRF | (90) | (30) | (5) | (15) | (18) | (186) | (78) | (422) |
| **Gross operating income** | **1,129** | **238** | **703** | **248** | **320** | **333** | **(474)** | **2,497** |
| Cost of risk | (56) | (44) | 4 | (88) | (107) | 10 | 1 | (281) |
| Cost of legal risk | - | - | - | - | - | - | - | - |
| Equity-accounted entities | 4 | - | 13 | - | 78 | (0) | - | 95 |
| Net income on other assets | (0) | 1 | 0 | 0 | 0 | 3 | 7 | 10 |
| Change in value of goodwill | - | - | - | - | - | - | - | - |
| **Income before tax** | **1,077** | **194** | **720** | **160** | **291** | **345** | **(466)** | **2,321** |
| Tax | (463) | (69) | (197) | (46) | (64) | (129) | 119 | (848) |
| Net income from discont'd or held-for-sale ope. | - | - | (0) | - | - | - | - | (0) |
| **Net income** | **614** | **125** | **523** | **114** | **227** | **216** | **(346)** | **1,473** |
| Non controlling interests | (0) | (0) | (73) | (24) | (33) | 0 | 7 | (123) |
| **Net income Group Share** | **614** | **125** | **450** | **90** | **194** | **216** | **(339)** | **1,350** |

# Appendix 4 – Methods used to calculate earnings per share, net asset value per share

## Crédit Agricole S.A. – data per share

| (€m) | | Q1-20 | Q1-19 | Q1/Q1 |
|---|---|---|---|---|
| Net income Group share - stated | | 638 | 763 | -16.4% |
| - Interests on AT1, including issuance costs, before tax | | (157) | (141) | +11.5 % |
| **NIGS attributable to ordinary shares - stated** | **[A]** | **481** | **622** | **-22.7%** |
| Average number shares in issue, excluding treasury shares (m) | [B] | 2,883.1 | 2,863.3 | +0.7% |
| **Net earnings per share - stated** | [A]/[B] | **0.17 €** | **0.22 €** | **-23.2%** |
| Underlying net income Group share (NIGS) | | 652 | 796 | -18.1% |
| **Underlying NIGS attributable to ordinary shares** | **[C]** | **495** | **655** | **-24.5%** |
| **Net earnings per share - underlying** | [C]/[B] | **0.17 €** | **0.23 €** | **-25.0%** |

| (€m) | | 31/03/2020 | 31/12/2019 | 31/03/2019 |
|---|---|---|---|---|
| Shareholder's equity Group share | | 62,637 | 62,921 | 61,800 |
| - AT1 issuances | | (5,128) | (5,134) | (6,109) |
| - Unrealised gains and losses on OCI - Group share | | (1,255) | (2,993) | (2,757) |
| - Payout assumption on annual results* | | - | (2,019) | (1,976) |
| **Net book value (NBV), not revaluated, attributable to ordin. sh.** | **[D]** | **56,254** | **52,774** | **50,958** |
| - Goodwill & intangibles** - Group share | | (18,006) | (18,011) | (17,784) |
| **Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.** | **[E]** | **38,248** | **34,764** | **33,174** |
| Total shares in issue, excluding treasury shares (period end, m) | [F] | 2,881.7 | 2,884.3 | 2,863.7 |
| **NBV per share , after deduction of dividend to pay (€)** | **[D]/[F]** | **19.5 €** | **18.3 €** | **17.8 €** |
| **+ Dividend to pay (€)** | **[H]** | **0.00 €** | **0.70 €** | **0.69 €** |
| **NBV per share , before deduction of dividend to pay (€)** | | **19.5 €** | **19.0 €** | **18.5 €** |
| **TNBV per share, after deduction of dividend to pay (€)** | **[G]=[E]/[F]** | **13.3 €** | **12.1 €** | **11.6 €** |
| **TNBV per sh., before deduct. of divid. to pay (€)** | **[G]+[H]** | **13.3 €** | **12.8 €** | **12.3 €** |

# Alternative Performance Indicators

### NAVPS Net asset value per share – Net tangible assets per share

One of the methods for calculating the value of a share. NAV per share is net equity Group share restated from AT1 issues divided by the number of shares outstanding at the end of the period.

Net tangible assets per share is tangible net equity Group share, i.e. restated for intangible assets and goodwill, divided by the number of shares outstanding at the end of the period.

### NBV Net Book Value

Net book value is net equity Group share, restated for AT1 issues, HTCS hidden reserves and proposed dividends on annual earnings.

### EPS Earnings Per Share

Net income Group share (excluding AT1 issues interests) divided by the average number of shares outstanding, excluding Treasury shares. EPS indicates the portion of profits attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, assuming net income Group share remains unchanged, if the number of shares increases (see Dilution).

### Cost/income ratio

The cost/income ratio is calculated by dividing expenses by revenues, indicating the proportion of revenues needed to cover expenses.

### Cost of risk/outstandings

Calculated by dividing cost of risk (over four quarters on a rolling basis) by outstandings (over an average of the past four quarters, beginning of the period). The cost of risk on outstandings can also be calculated by dividing the annualised cost of risk of the quarter by the outstandings as of beginning of the period.

Since the first quarter 2019, loans outstanding considered are only loans to customers, before impairment

### Impaired loans ratio:

This ratio compares the gross impaired customer loans to total gross customer loans outstanding.

### Coverage ratio:

This ratio compares the total loans loss reserves to the gross impaired customer loans outstanding.

### Net income Group share attributable to ordinary shares – stated

Net income Group share attributable to ordinary shares is calculated as net income Group share less interest on AT1 instruments, including issue costs before tax.

### Underlying net income Group share

Underlying net income Group share is calculated as net income Group share restated for specific items (i.e. non-recurring or exceptional items).

### ROE Return on Equity

Indicator measuring the return on equity, calculated by dividing a company's net income by its equity.

### RoTE Return on Tangible Equity

Measures the return on tangible equity (the bank's net assets restated to eliminate intangibles and goodwill).

## Disclaimer

***The financial information for first quarter 2020 for Crédit Agricole S.A. and the Crédit Agricole Group comprises this press release, the attached results slides and the appendices to the slides, available at https://www.credit-agricole.com/en/finance/finance/financial-publications.***

*This presentation may include prospective information on the Group, supplied as information on trends. This data does not represent forecasts within the meaning of EU delegated regulation 2019/980 of 14 March 2019 (chapter 1, article 1, d).*

*This information was developed from scenarios based on a number of economic assumptions for a given competitive and regulatory environment. Therefore, these assumptions are by nature subject to random factors that could cause actual results to differ from projections. Likewise, the financial statements are based on estimates, particularly in calculating market value and asset impairment.*

*Readers must take all these risk factors and uncertainties into consideration before making their own judgement.*

## Applicable standards and comparability

*The figures presented for the three-month period ending 31 March 2020 have been prepared in accordance with IFRS as adopted in the European Union and applicable at that date, and with prudential regulations currently in force. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting" and has not been audited.*

*Note: the scopes of consolidation of the Crédit Agricole S.A. and Crédit Agricole Groups have not changed materially since the Crédit Agricole S.A. 2019 Universal Registration Document and its 2019 A.01 update (including all regulatory information about the Crédit Agricole Group) were filed with the AMF (the French Financial Markets Authority).*

*The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.*

*Since 30 September 2019, KAS Bank has been included in the scope of consolidation of the Crédit Agricole Group as a subsidiary of CACEIS. SoYou has also been included in the scope of consolidation as a joint-venture between Crédit Agricole Consumer Finance and Bankia. Historical data have not been restated on a proforma basis.*

*Since 23 December 2019, CACEIS and Santander Securities Services (S3) have merged their operations. As of said date, Crédit Agricole S.A. and Santander respectively hold 69.5% and 30.5% of the capital of CACEIS.*

# Financial agenda

| | |
|---|---|
| 13 May 2020 | Shareholders' meeting in Paris |
| 6 August 2020 | Publication of second quarter and first half 2020 results |
| 4 November 2020 | Publication of third quarter and first nine months 2020 results |

# Contacts

## CREDIT AGRICOLE PRESS CONTACTS

| | | |
|---|---|---|
| Charlotte de Chavagnac | + 33 1 57 72 11 17 | charlotte.dechavagnac@credit-agricole-sa.fr |
| Olivier Tassain | + 33 1 43 23 25 41 | olivier.tassain@credit-agricole-sa.fr |
| Bertrand Schaefer | + 33 1 49 53 43 76 | bertrand.schaefer@ca-fnca.fr |

## CREDIT AGRICOLE S.A INVESTOR RELATIONS CONTACTS

| | | |
|---|---|---|
| Institutional shareholders | + 33 1 43 23 04 31 | investor.relations@credit-agricole-sa.fr |
| Individual shareholders | + 33 800 000 777 (freephone number – France only) | credit-agricole-sa@relations-actionnaires.com |
| | | |
| Clotilde L'Angevin | + 33 1 43 23 32 45 | clotilde.langevin@credit-agricole-sa.fr |
| **Equity investors:** | | |
| Toufik Belkhatir | + 33 1 57 72 12 01 | toufik.belkhatir@credit-agricole-sa.fr |
| Joséphine Brouard | + 33 1 43 23 48 33 | Joséphine.brouard@credit-agricole-sa.fr |
| Oriane Cante | + 33 1 43 23 03 07 | oriane.cante@credit-agricole-sa.fr |
| Emilie Gasnier | + 33 1 43 23 15 67 | emilie.gasnier@credit-agricole-sa.fr |
| Ibrahima Konaté | + 33 1 43 23 51 35 | ibrahima.konate@credit-agricole-sa.fr |
| Vincent Liscia | + 33 1 57 72 38 48 | vincent.liscia@credit-agricole-sa.fr |
| Annabelle Wiriath | + 33 1 43 23 55 52 | annabelle.wiriath@credit-agricole-sa.fr |
| | | |
| **Credit investors and rating agencies:** | | |
| Caroline Crépin | + 33 1 43 23 83 65 | caroline.crepin@credit-agricole-sa.fr |
| Marie-Laure Malo | + 33 1 43 23 10 21 | marielaure.malo@credit-agricole-sa.fr |
| Rhita Alami Hassani | + 33 1 43 23 15 27 | rhita.alamihassani@credit-agricole-sa.fr |

See all our press releases at: www.credit-agricole.com - www.creditagricole.info

Crédit_Agricole   Crédit Agricole Group   créditagricole_sa