CAG AND CRÉDIT AGRICOLE S.A. STATED AND UNDERLYING RESULTS Q2-2022

Results: +18.1%; robust activity and stronger capital position

	CRÉDIT AGRICOLE S.A.		CRÉDIT AGRICOLE GROUP	
	Stated	**Underlying**	**Stated**	**Underlying**
Revenues	**€6,330m** +8.8% Q2/Q2	**€6,188m** +6.2% Q2/Q2	**€10,121m** +8.8% Q2/Q2	**€9,636m** +3.7% Q2/Q2
Costs excl. SRF	**-€3,451m** +6.1% Q2/Q2	**-€3,388m** +5.2% Q2/Q2	**-€5,886m** +6.3% Q2/Q2	**-€5,824m€** +5.8% Q2/Q2
GOI	**€2,869m** +12.3% Q2/Q2	**€2,789m** +7.4% Q2/Q2	**€4,227m** +12.5% Q2/Q2	**€3,805m** +0.7% Q2/Q2
Cost of risk	**-€203m** -27.5% Q2/Q2	**-€203m** -20.4% Q2/Q2	**-€615m** +30.8% Q2/Q2	**-€615m** +38.2% Q2/Q2
Net income Group share	**€1,976m** +0.4% Q2/Q2	**€1,908m** +18.1% Q2/Q2	**€2,769m** stable Q2/Q2	**€2,447m** +3.4% Q2/Q2
C/I ratio (excl. SRF)	**54.5%** -1.4 pp Q2/Q2	**54.8%** -0.5 pp Q2/Q2	**58.1%** -1.4 pp Q2/Q2	**60.4%** +1.2 pp Q2/Q2

ROBUST COMMERCIAL ACTIVITY

- 1 million new customers in France, Italy and Poland in H1
- Dynamic production in home loans (+2.1% Q2/Q2), consumer finance (+9.0%), factoring (+16.4%) and retail corporate lending (+19.8%); strong momentum in property and casualty insurance (+10.2% revenues Q2/Q2) and personal protection (+7.8%)
- Very robust activity in large customers (financing activities +12.8% Q2/Q2, capital markets and investment banking +28.5% excluding foreign exchange impact)

Crédit Agricole S.A. STATED INCOME Q2-22: €2.0bn

Crédit Agricole S.A. UNDERLYING INCOME Q2-22: €1.9bn (+18.1% Q2/Q2)

Steady increase in revenues since 2017 +6.2% Q2/Q2
Positive jaws effect: costs[1] +5.2% Q2/Q2, +1.8% excluding CreVal/Lyxor scope and FX impact
Gross operating income: +7.4% Q2/Q2, i.e. +€192m
Cost/income ratio (excl. SRF): 56.8% H1-22 (-1.0 pp vs. end-2021);

PROFITABILITY

Underlying H1-22 RoTE 13.9%[2], > than 3 pp above the average of 10 major European banks

Strong capital position at Group level

	CRÉDIT AGRICOLE S.A.		CRÉDIT AGRICOLE GROUP	
Phased-in CET1	**11.3%**	+30 bps June/March	**17.5%**	+50 bps June/March
	+3.4 pp above SREP requirements		+8.6 pp above SREP requirements	
	H1 dividend accrual €0.38/share		€19.5bn CAG provisions, Russian exposure -€0.4bn June/March	

[1] Excluding SRF
[2] Underlying ROTE calculated on the basis of annualised underlying net income Group share and annualised IFRIC costs

Dominique Lefebvre,
Chairman of SAS Rue La Boétie and Chairman of the Crédit Agricole S.A. Board of Directors

"I would like to thank all the employees of the Group, as well as elected officials, for stepping-up to support our customers, and in particular those hardest hit by the current context. The strength of our results reinforces our capacity to act, locally, in all our regions."

Philippe Brassac,
Chief Executive Officer of Crédit Agricole S.A.

"In an opaque and uncertain environment, the Group continues to grow steadily, thanks to its universal customer-focused banking model."

Crédit Agricole Group

Group activity

The Group saw strong commercial activity in the second quarter across all business lines thanks to our customer focused banking model. Gross customer capture has been especially strong. In second quarter of 2022, the Group recorded +488,000 new retail banking customers, 389,000 of them in France (305,000 customers for the Regional Banks), 45,000 in Italy and 54,000 in Poland, while the customer base continued to grow (+111,000 customers). In first half 2022, the Group gained +1 million new retail banking customers, 804,000 of them in France (626,000 for the Regional Banks), 82,000 in Italy and 115,000 in Poland, with the customer base also growing (+238,000 customers). Production also showed very solid growth in the second quarter of 2022, notably with an 8.4% rise in loan originations at the Regional Banks and LCL (of which +2.1% for home loans, +19.8% for small business and corporate loans and -1.1% for consumer finance), a 7.3% increase in consumer finance & leasing originations, and 10.2% growth in property and casualty insurance premium income compared to the second quarter of 2021. Against this backdrop, the insurance equipment rate[3] also rose in the retail banking networks at end-June 2022: 26.9% for LCL (+0.7 pp vs. end-June 21), 20.1% for CA Italia (+1.7 pp vs. end-June 21), 15.6% including CreVal. The equipment rate was stable in the Regional Banks at 42.3%.

Each of the Group's business lines posted very strong levels of activity (see Infra).

- Robust net inflows of €1.8bn in Q2 in asset management, despite unfavourable market conditions, and net insurance inflows (€1.3bn, driven by unit-linked insurance: +€1.6bn), continued momentum in property and casualty insurance (+10.2% Q2/Q2) and personal protection (+7.8% Q2/Q2)
- Record commercial activity in both financing activities and capital markets and investment banking. Strengthening of leading positions in corporate and investment banking: syndicated loans (#1 France, #2 EMEA), project finance (#3 World), bonds (#4 All bonds in Eur worldwilde, #2 Green, social and sustainable bonds Eur)
- Good momentum in commercial production at CACF (+9% Q2/Q2) and CAL&F
- Sharp rise in loan production at LCL (+30% Q2/Q2), growth in loan outstandings (+8.3% June/June) and inflows (+1.2% June/June)

Group results

In the second quarter of 2022, Crédit Agricole Group's **stated net income Group share** came to **€2,769 million**, stable compared to the second quarter of 2021. The **specific items** recorded in the second quarter had a **positive net impact of €322 million on net income Group share,** including a **€254 million positive impact on the Regional Banks for provisions on home purchase savings plans** (acquired in a high interest rate environment) and €68 million of impacts on net income Group share corresponding to specific items at Crédit Agricole S.A[4].

Excluding these specific items, **Crédit Agricole Group's underlying net income Group share**[4] amounted to **€2,447 million**, a rise of +3.4% compared to second quarter 2021.

[3] Car, home, legal, all mobile phones, or personal accident insurance
[4] See Appendixes for more details on specific items.

Crédit Agricole Group – Stated and underlying results, Q2-2022 and Q2-2021

€m	Q2-22 stated	Specific items	Q2-22 underlying	Q2-21 stated	Specific items	Q2-21 underlying	∆ Q2/Q2 stated	∆ Q2/Q2 underlying
Revenues	**10,121**	**485**	**9,636**	**9,304**	**9**	**9,295**	+8.8%	+3.7%
Operating expenses excl.SRF	(5,886)	(63)	(5,824)	(5,536)	(32)	(5,504)	+6.3%	+5.8%
SRF	(8)	-	(8)	(12)	-	(12)	(31.5%)	(31.5%)
Gross operating income	**4,227**	**422**	**3,805**	**3,756**	**(23)**	**3,779**	**+12.5%**	**+0.7%**
Cost of risk	(615)	-	(615)	(470)	(25)	(445)	+30.8%	+38.2%
Equity-accounted entities	103	-	103	98	5	93	+5.2%	+10.8%
Net income on other assets	22	-	22	(35)	(16)	(19)	n.m.	n.m.
Change in value of goodwill	-	-	-	379	378	2	(100.0%)	(100.0%)
Income before tax	**3,736**	**422**	**3,314**	**3,728**	**318**	**3,409**	**+0.2%**	**(2.8%)**
Tax	(808)	(108)	(700)	(681)	164	(844)	+18.7%	(17.1%)
Net income from discont'd or held-for-sale ope.	19	(3)	22	11	10	1	+73.1%	x 20.5
Net income	**2,947**	**311**	**2,636**	**3,058**	**492**	**2,566**	**(3.6%)**	**+2.7%**
Non controlling interests	(178)	11	(189)	(287)	(89)	(199)	(38.2%)	(4.9%)
Net income Group Share	**2,769**	**322**	**2,447**	**2,770**	**403**	**2,367**	**(0.0%)**	**+3.4%**
Cost/Income ratio excl.SRF (%)	**58.2%**		**60.4%**	**59.5%**		**59.2%**	**-1.3 pp**	**+1.2 pp**

In the second quarter 2022, underlying **revenues** amounted to €9,636 million, up 3.7%, and up +2.6% pro forma CreVal and Lyxor[5], compared to the second quarter 2021. **Underlying operating expenses excluding the Single Resolution Fund (SRF)** stood at €5,824 million in the second quarter 2022, a year-on-year rise of +5.8% (+4.3% pro forma CreVal and Lyxor). Overall, the Group's **underlying cost/income ratio excluding the SRF** recorded a slight increase of 1.2 percentage points, to 60.4%, in the second quarter 2022. The additional contribution to the Single Resolution Fund came to €8 million in the second quarter (mainly at CA Italia). **Underlying gross operating income** was therefore up +0.7% to €3,805 million compared to second quarter 2021.

Cost of credit risk increased to -€615 million, including -€220 million in cost of risk on performing loans (stage 1 and 2), and -€401 million in cost of risk on proven risks (stage 3), i.e. an increase of +38.2% compared to second quarter 2021. This rise is mainly explained by provisioning for performing loans on all business lines to take into account the indirect impacts of the war, the rise in inflation and anticipated effects on purchasing power, as well as a normalisation of the cost of proven risk. The **cost of credit risk relative to outstandings[6] on a four quarter rolling period stands at 21 basis points.** It stands at 23 basis points on a quarterly annualised basis[7]. Loan loss reserves amounts to €19.5 billion at the end of June 2022 (€10.3 billion for Regional Banks), 43% of which represented provisioning of performing loans (47% for Regional Banks). Loan loss reserves on performing loans has increased, at Group level, by +€2.9 billion since the fourth quarter 2019, and total loan loss reserves has increased by a total of €500 million since that date.

Underlying pre-tax income stood at €3,314 million, a year-on-year decrease of -2.8%. The underlying pre-tax income included the contribution from equity-accounted entities for €103 million (up +10.8%) and net income on other assets, which came to €22 million in the second quarter. The underlying **tax charge fell -17.1%** over the period. The underlying tax rate stood at 21.8%, down from 25.5% in second quarter 2021. Underlying net income before non-controlling interests was up +2.7% to €2,636 million. Non-controlling interests fell -4.9%. Lastly, underlying net income Group share was €2,447 million, an increase of +3.4% from the second quarter 2021.

[5] *Pro forma: Creval (IRB) and Lyxor (AG) were added in 2021*

[6] *The cost of risk relative to outstandings (in basis points) on a four quarter rolling basis is calculated on the cost of risk of the past four quarters divided by the average outstandings at the start of each of the four quarters*

[7] *The cost of risk relative to outstandings (in basis points) on an annualised basis is calculated on the cost of risk of the quarter multiplied by four and divided by the outstandings at the start of the quarter*

Crédit Agricole Group – Stated and underlying results,H1-2022 and H1-2021

€m	H1-22 stated	Specific items	H1-22 underlying	H1-21 stated	Specific items	H1-21 underlying	∆ H1/H1 stated	∆ H1/H1 underlying
Revenues	**19,801**	**564**	**19,237**	**18,353**	**(25)**	**18,378**	+7.9%	+4.7%
Operating expenses excl.SRF	(11,797)	(81)	(11,716)	(11,041)	(36)	(11,005)	+6.9%	+6.5%
SRF	(803)	-	(803)	(479)	185	(664)	+67.6%	+20.9%
Gross operating income	**7,202**	**483**	**6,719**	**6,834**	**125**	**6,709**	**+5.4%**	**+0.1%**
Cost of risk	(1,504)	(195)	(1,309)	(1,007)	(25)	(982)	+49.3%	+33.3%
Equity-accounted entities	211	-	211	192	5	187	+9.9%	+12.9%
Net income on other assets	35	-	35	(23)	(16)	(7)	n.m.	n.m.
Change in value of goodwill	-	-	-	379	378	2	(100.0%)	(100.0%)
Income before tax	**5,944**	**288**	**5,656**	**6,376**	**466**	**5,909**	**(6.8%)**	**(4.3%)**
Tax	(1,502)	(123)	(1,379)	(1,401)	174	(1,576)	+7.2%	(12.5%)
Net income from discont'd or held-for-sale ope.	21	(7)	27	5	5	0	x 4.3	x 191.3
Net income	**4,463**	**158**	**4,304**	**4,979**	**645**	**4,334**	**(10.4%)**	**(0.7%)**
Non controlling interests	(362)	11	(373)	(455)	(88)	(367)	(20.4%)	+1.7%
Net income Group Share	**4,100**	**169**	**3,931**	**4,524**	**557**	**3,967**	**(9.4%)**	**(0.9%)**
Cost/Income ratio excl.SRF (%)	**59.6%**		**60.9%**	**60.2%**		**59.9%**	**-0.6 pp**	**+1.0 pp**

Over the first half of 2022, stated net income Group share amounted to €4,100 million, compared with €4,524 million in the first half of 2021, a decrease of -9.4%. Excluding specific items, **underlying net income Group share amounted to €3,931 million, stable at** -0.9% compared to first half 2021. **Underlying revenues** were up **+4.7%**. Underlying **operating expenses** excluding SRF increased by 6.5% compared to first half 2021. The cost/ income ratio (excl. SRF) came to 60.9% The SRF for the half-year totalled €803 million, up 20.9% compared to first half 2021. Underlying **gross operating income** totalled €6,719 million, stable at +0.1% compared to first half 2021.

Regional Banks

Business growth for the **Regional Banks** was strong in second quarter 2022. **Gross customer capture was buoyant** with +626,000 new customers since the start of 2022 (305,000 in the second quarter), and a growing customer base +142,000 in the first half (75,000 in the second quarter). **The share of customers using digital tools increased** to 72.1%[8] (+3.5 percentage points compared to end-June 2021) and the number of online signatures [9] jumped by +102.6% year-on-year. In the second quarter, the Regional Banks' *Ma Banque* (My Bank) app was redesigned for its 10 million users. The Regional Banks will also launch a mutual shareholders passbook account on the theme of its social project in the month of October.

Loan production, which reflects robust commercial momentum, was up by +2.1% compared to the end of June 2021, particularly in the specialised markets[10] (+16.3%). **Loans outstanding** reached €614.0 billion at end-June 2022, rising 6.0% year-on-year (including +5.9% for home loans and +6.5% for specialised markets[10]).

Total customer assets rose by +2.7% over the year to €838 billion at the end of June 2022. Against this backdrop, on-balance sheet deposits reached €564 billion at end-June 2022, up +5.4% compared to end-June 2021. **Off-balance sheet customer assets** totalled €274 billion, down -2.3% year-on-year, with the effect of the stock market decline being partially offset by strong securities inflows (+€1.1 billion in second quarter 2022) and positive net inflows on life insurance (+€0.4 billion in second quarter 2022).

In second quarter 2022, the underlying **revenues** of the Regional Banks amounted to €3,403 million, down by -1.5% year-on-year, mainly due to the decline in portfolio revenues. **Operating expenses excluding SRF** increased by +5.5% compared to the second quarter of 2021, mainly due to the increase in staff and IT costs and the recovery of activity to pre-crisis levels. As a result, underlying **gross operating income** fell by -14.0%. The **cost of risk** amounted to -€411 million, a 2.2-fold increase compared to the second quarter of 2021, mainly due to conservative provisioning on performing loans (Stages 1 & 2) for -€296 million; the provision for proven risks (Stage 3) was -€92 million. The cost of risk relative to outstandings came in at 14 basis points over a rolling four quarters period. The non-performing loan ratio was low, at 1.6% (down -0.1 pp compared to end-June 2021), and loan loss reserves stood at €10.3 billion (up +0.3 billion year-on-year). This translated into a high coverage ratio of 105.3% at end June 2022 (+3.0 pp year-on-year), up on a quarterly basis by +1.4 pp versus end-March 2022 (103.9%). The contribution of the Regional Banks to **the Group's underlying net income Group share** came to €519 million, a -29.9% decline from second quarter 2021. The contribution of the Regional Banks to **the Group's stated net income Group share** came to €773 million, up +2.5% from second quarter 2021.

In the first half 2022, underlying **revenues** were stable (+0.2%) compared to the first half 2021. Operating expenses excluding SRF rose by +5.1%, with the SRF amounting to -€156 million (up +9.7%) and underlying **gross operating income** down -7.8% in the first half. The underlying **cost/income ratio** rose by +3.1 percentage points. Finally, with an underlying **cost of risk** up +64.0%, the Regional Banks' contribution to the Group's underlying **net income Group share** amounted to €1,239 million, down -11.2% in the first half of the year compared with the first half 2021. The Regional Banks' contribution to the Group's underlying **net income Group share** amounted to €1,545 million, up +6.4% in the first half of the year compared with the first half 2021.

[8] Number of customers with an active profile on the Ma Banque app or who had visited CAEL (CA online) during the month / number of adult customers having an active demand deposit account

[9] Signatures initiated in BAM (multi-channel bank access) deposit mode

[10] Specialised markets: farmers, professionals, corporates and public authorities

Crédit Agricole S.A.

Results

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 3 August 2022 to examine the financial statements for the second quarter 2022.

Crédit Agricole S.A. – Stated and underlying results, Q2 2022 and Q2-2021

€m	Q2-22 stated	Specific items	Q2-22 underlying	Q2-21 stated	Specific items	Q2-21 underlying	∆ Q2/Q2 stated	∆ Q2/Q2 underlying
Revenues	**6,330**	**143**	**6,188**	**5,819**	**(10)**	**5,829**	**+8.8%**	**+6.2%**
Operating expenses excl.SRF	(3,451)	(63)	(3,388)	(3,253)	(32)	(3,221)	+6.1%	+5.2%
SRF	(11)	-	(11)	(11)	-	(11)	(5.6%)	(5.6%)
Gross operating income	**2,869**	**80**	**2,789**	**2,554**	**(42)**	**2,596**	**+12.3%**	**+7.4%**
Cost of risk	(203)	-	(203)	(279)	(25)	(254)	(27.5%)	(20.4%)
Equity-accounted entities	94	-	94	101	5	96	(7.8%)	(3.1%)
Net income on other assets	11	-	11	(37)	(16)	(21)	n.m.	n.m.
Change in value of goodwill	-	-	-	378	378	-	n.m.	n.m.
Income before tax	**2,770**	**80**	**2,690**	**2,717**	**300**	**2,417**	**+2.0%**	**+11.3%**
Tax	(586)	(19)	(567)	(397)	169	(566)	+47.8%	+0.2%
Net income from discont'd or held-for-sale ope.	18	(3)	22	11	10	1	n.m.	n.m.
Net income	**2,202**	**57**	**2,145**	**2,331**	**478**	**1,852**	**(5.5%)**	**+15.8%**
Non controlling interests	(226)	11	(236)	(363)	(126)	(237)	(37.7%)	(0.2%)
Net income Group Share	**1,976**	**68**	**1,908**	**1,968**	**353**	**1,615**	**+0.4%**	**+18.1%**
Earnings per share (€)	0.63	0.02	0.60	0.64	0.12	0.52	(2.6%)	+16.5%
Cost/Income ratio excl. SRF (%)	**54.5%**		**54.8%**	**55.9%**		**55.3%**	**-1.4 pp**	**-0.5 pp**
Net income Group Share excl. SRF	**1,982**	**68**	**1,914**	**1,976**	**353**	**1,623**	**+0.3%**	**+17.9%**

In the second quarter 2022, Crédit Agricole S.A.'s **stated net income Group share** amounted to **€1,976 million**, up +0.4% from €1,968 million in the second quarter of 2021.

Specific items recorded in the second quarter include recurring accounting items for an impact of +€103 million in net income Group share. These items include: recurring volatile accounting items in revenues, such as the DVA (Debt Valuation Adjustment, i.e. gains and losses on financial instruments related to changes in the Group's issuer spread) amounting to +€16 million in net income Group share, hedges on the Large customers loan book for +€41 million in net income Group share, and provisions for home purchase savings plans in the amount of €46 million in net income Group share. Specific items also include non-recurring items for an impact of +€35 million in net income Group share. These comprise the integration costs of CreVal and Lyxor, for an impact on net income Group share of -€12 million and -€20 million, respectively, and an additional -€3 million on the reclassification of Crédit du Maroc under IFRS 5. **In the second quarter of 2021**, specific items had had a net positive impact of +€353 million on net income Group share. These included recurring volatile accounting items in revenues, such as the DVA, amounting to -€5 million in net income Group share, hedges on the Large customers loan book for -€6 million in net income Group share and provisions for home purchase savings plans in the amount of +€5 million in net income Group share. On top of these recurring items were recorded the following items: on Creval, a net badwill of +€285 million in net income Group share, CreVal acquisition costs (-€8 million in net income Group share), and additional provisioning for CreVal performing loan outstandings (-€19 million in net income Group share). Specific items recorded also included "Affrancamento" gains related to exceptional tax provisions in Italy, with an impact on net income Group share of €111 million split between the IRB division (€28 million), the AG division (€78 million) and the SFS division (€5 million), transformation costs related to the LCL New Generation Network project regroup branches at LCL for -€9 million in net income Group share, and those related to the Turbo project, the CACEIS transformation and development plan, for -€8 million in net income Group share, and lastly, income from wealth management activities in Miami and Brazil, currently being disposed, for +€7 million in net income Group share.

Excluding these specific items, the **underlying net income Group share**[11] reached **€1,908 million**, up sharply by +18.1%, thanks in particular to dynamic activity in all business lines, a sharp rise in gross operating income and an improvement in the cost of risk.

In the second quarter of 2022, **underlying revenues** amounted to €6,188 million, up +6.2% compared to the second quarter of 2021, thanks to robust activity across all business lines. Pro forma for the integration of CreVal and Lyxor in 2021, they were up over the period by +4.3[12] Revenues growth in the second quarter of 2022 is consistent with the steady growth of Crédit Agricole S.A.'s quarterly revenues over the past five years, thanks to the diversity of the business mix.

Underlying operating expenses excluding SRF rose +5.2% year-on-year (+€167 million) to €3,388 million in the second quarter of 2022. Pro forma for the integration of Lyxor and CreVal[12], this increase is brought down to +2.7% compared to 2021, i.e. +€88 million. After adjusting for foreign exchange impact (mainly on CACIB and CA Indosuez, for approximately €30 million), it came to +1.8% (i.e. €58 million), in support of the business lines' growth. Of this +€58 million increase, the Large customers division posted a rise in expenses of +€36 million compared with the second quarter of 2021, including +€31 million related to staff costs and variable compensation. The Specialised financial services division recorded an increase of +€32 million, including +€24 million from the scope effect of CACF Spain, CACF NL and Olinn. The Asset gathering division saw its expenses rise by +€10 million, including +€20 million in investments and IT costs and -€14 million in staff costs and variable compensation. Lastly, the Retail banking division posted a -€24 million reduction in expenses due to the scope effect related to Crédit du Maroc's reclassification under IFRS 5 in the first quarter of 2022 (-€30 million). The SRF contribution for the second quarter amounted to €11 million (adjustment of the first quarter estimate). The cost/income ratio excluding SRF thus stood at 54.8% in the second quarter 2022, an improvement of 0.5 percentage point compared to second quarter 2021. The underlying jaws effect was also positive in the second quarter, at +1 percentage point, and at +1.7 percentage point pro forma for CreVal and Lyxor.

Underlying **gross operating income** was thus very strong in second quarter 2022, up +7.4% to €2,789 million, and up +6.5% pro forma for CreVal and Lyxor.

As at 30 June 2022, risk indicators confirm **the high quality of Crédit Agricole S.A.'s assets and risk coverage level**. The diversified loan book is mainly geared towards home loans (27% of gross outstandings) and corporates (46% of Crédit Agricole S.A. gross outstandings). The non-performing loan ratio remains low at 2.5%, and the coverage ratio[13], high at 74.3%, decreasing by -3.2 percentage points over the quarter due to the decline of the coverage ratio in financing activities (reversal of provisions on performing loans). **Loan loss reserves** amounts to €9.2 billion for Crédit Agricole S.A., a +€0.4 billion increase from end-March 2022. Of these loan loss reserves, 38% are for performing loan provisioning. Loan loss reserves for performing loans are higher by €1.4 billion in the second quarter of 2022 compared to the fourth quarter of 2019.

The **cost of risk** shows a net provisioning of -€203 million, (-20.4% or €52 million decrease compared to the second quarter 2021 where it stood at -€254 and at -€908 million in the second quarter 2020). The -€203 million net provision in the second quarter 2022 includes a +€76 million reversal of provisions on performing loans (stage 1&2) (compared with a -€17 million provision in the second quarter 2021 and a -€356 million provision in the first quarter of 2022 related to the outbreak of the Ukraine-Russia war) and a -€309 million provision for proven risks (stage 3) (compared with -€199 million in the second quarter of 2021 and -€161 million in the

[11] Underlying, excluding specific items. See Appendixes for more details on specific items.
[12] Pro forma: Creval (IRB) and Lyxor (AG) were added in 2021
[13] Provisioning rate calculated with outstandings in Stage 3 as denominator, and the sum of the provisions recorded in Stages 1, 2 and 3 as numerator

first quarter of 2022). As of the second quarter 2022, the cost of risk relative to outstandings over a rolling four quarters period[14] stands at 29 basis points, and 17 basis points on an annualised quarterly basis[15].

The underlying contribution of **equity-accounted entities** was stable at €94 million in second quarter 2022 compared to €96 million in second quarter 2021, reflecting the good performance of asset management entities (€21 million, stable at a high level compared to second quarter 2021) and a scope effect in consumer finance (€78 million, down slightly by -5.1% compared to second quarter 2021). **Net income from other assets** amounted to €11 million in second quarter 2022, compared to -€16 million in second quarter 2021, mainly due to the deconsolidation of Crédit Agricole CIB's Algerian subsidiary (-€37 million) in second quarter 2021.

Underlying income[16] before tax, discontinued operations and non-controlling interests was therefore up **+11.3%**, at €2,690 million. The **underlying effective tax rate** stood at **21.8%** (-2.5 percentage points compared to second quarter 2021), while the underlying tax charge was stable at -€567 million. **Underlying net income before non-controlling interests was therefore up by +15.8%**. **Non-controlling interests** were stable at -€236 million in second quarter 2022.

Underlying net income Group share was up by +18.1% compared to second quarter 2021 at **€1,908 million**.

Underlying earnings per share in second quarter 2022 reached **€0.60**, **increasing by +16.5%** compared to second quarter 2021.

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[14] *The cost of risk relative to outstandings (in basis points) on a four quarter rolling basis is calculated on the cost of risk of the past four quarters divided by the average outstandings at the start of each of the four quarters*

[15] *The cost of risk relative to outstandings (in basis points) on an annualised basis is calculated on the cost of risk of the quarter multiplied by four and divided by the outstandings at the start of the quarter*

[16] *See Appendixes for more details on specific items.*

Crédit Agricole S.A. – Stated and underlying results, H1-2022 and H1-2021

€m	H1-22 stated	Specific items	H1-22 underlying	H1-21 stated	Specific items	H1-21 underlying	∆ H1/H1 stated	∆ H1/H1 underlying
Revenues	**12,268**	**152**	**12,116**	**11,312**	**(25)**	**11,337**	**+8.5%**	**+6.9%**
Operating expenses excl.SRF	(6,969)	(81)	(6,887)	(6,450)	(36)	(6,414)	+8.0%	+7.4%
SRF	(647)	-	(647)	(392)	130	(522)	+65.2%	+24.0%
Gross operating income	**4,653**	**71**	**4,582**	**4,470**	**69**	**4,401**	**+4.1%**	**+4.1%**
Cost of risk	(943)	(195)	(748)	(663)	(25)	(638)	+42.2%	+17.2%
Equity-accounted entities	189	-	189	188	5	183	+0.3%	+3.1%
Net income on other assets	20	-	20	(34)	(16)	(18)	n.m.	n.m.
Change in value of goodwill	-	-	-	378	378	-	(100.0%)	n.m.
Income before tax	**3,919**	**(124)**	**4,043**	**4,339**	**411**	**3,928**	**(9.7%)**	**+2.9%**
Tax	(978)	(17)	(961)	(775)	174	(949)	+26.2%	+1.2%
Net income from discont'd or held-for-sale ope.	20	(7)	27	5	5	0	n.m.	n.m.
Net income	**2,961**	**(147)**	**3,108**	**3,569**	**590**	**2,979**	**(17.0%)**	**+4.3%**
Non controlling interests	(433)	11	(444)	(555)	(124)	(431)	(22.0%)	+3.0%
Net income Group Share	**2,528**	**(136)**	**2,665**	**3,014**	**466**	**2,548**	**(16.1%)**	**+4.6%**
Earnings per share (€)	**0.78**	**(0.05)**	**0.83**	**0.96**	**0.16**	**0.80**	**(18.3%)**	**+3.6%**
Cost/Income ratio excl.SRF (%)	**56.8%**		**56.8%**	**57.0%**		**56.6%**	**-0.2 pp**	**+0.3 pp**
Revenues	**12,268**	**152**	**12,116**	**11,312**	**(25)**	**11,337**	**+8.5%**	**+6.9%**

Over first half 2022, stated net income Group share amounted to €2,528 million, compared with €3,014 million in the first half of 2021, a decrease of -16.1%.

Specific items in first half 2022 had a negative impact of **-€136 million** on stated net income Group share. In addition to the second quarter items already mentioned above, the first quarter 2022 items had a negative impact of −€204 million and also corresponded to the recurring accounting volatility items, i.e. the DVA for -€22 million, hedges of the loan book of the Large customers division for +€12 million, and changes in the Home Purchase Savings Plan for +€17 million. To this were added the Creval integration costs for -€4 million and those of Lyxor for -€5 million in net income Group share, as well as the provision for equity risk in Ukraine for -€195 million, and the reclassification of Crédit du Maroc to assets held for disposal for -€7 million. **Specific items in first half 2021** had a positive impact of **+€466 million** on stated net income Group share. In addition to the second quarter items already mentioned above, the first quarter 2021 items which had a positive impact of +€113 million and also corresponded to recurring accounting volatility items, namely DVA for +€6 million, hedges on the Large customers loan book for -€5 million and changes in provisions for home purchase savings plans of -€11 million as well as the overpayment of contributions to the SRF for financial years 2016 to 2020 of +€130 million, the costs of integration of Kas Bank and S3 by CACEIS for -€2 million and the losses on the disposal of the wealth management activities in Miami and Brazil for -€5 million in the Wealth Management business line.

Excluding these specific items, **underlying net income Group share amounted to €2,665 million**, up **+4.6%** compared to first half 2021.

Underlying earnings per share stood at €0.83 per share in first half 2022, up **3.6%** compared to first half 2021.

Underlying[17] **RoTE,** which is calculated on the basis of an annualised underlying net income Group share[18] and IFRIC charges linearised over the year**,** net of annualised Additional Tier 1 coupons (return on equity Group share excluding intangibles) and restated for certain volatile items recognised in equity (including unrealised gains and/or losses), reached **13.9% for first half 2022**, up from first half 2021 (13.6%).

Underlying revenues increased by **+6.9%** compared to first half 2021 (+4.2% pro forma Creval and Lyxor). **Underlying operating expenses** excluding SRF were up 7.4% compared to first half 2021 (+4% pro forma Creval and Lyxor). The Creval and Lyxor pro forma jaws effect was therefore slightly positive in first half 2022. The cost/income ratio for the first half of the year was 56.8%, an improvement of 0.2 percentage point compared to first half 2021. SRF for the first half of the year totalled €647 million, up +24% compared to first half 2021. Underlying **gross operating income** totalled €4,582 million, up +4.1% compared to first half 2021.

Lastly, the **cost of risk** increased over the period (+17.2%/-€110 million, to -€748 million compared to -€638 million in first half 2021), mainly due to the provisioning following the beginning of the Ukraine/Russia war in first quarter 2022.

[17] *See details on the calculation of the business lines' ROTE (return on tangible equity) and RONE (return on normalised equity) on p. 41*

[18] *The annualised underlying net income Group share corresponds to the annualisation of the underlying net income Group share (Q1x4; H1x2; 9Mx4/3) by restating each period for IFRIC impacts to linearise them over the year*

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

Activity of the Asset Gathering division

Assets managed stood at €2,434 billion end of June 2022, up 5.8% from June 2021. Compared to end-March 2022, they fell by €101 billion, driven by a €5.9 billion increase in net inflows, including +€1.8 billion from Asset management, +€1.3 billion from Life insurance and +€2.8 billion from Wealth management, and a market effect, which explained the €107 billion decline in outstandings.

In **Savings/Retirement**, business remained strong with premium income up 1% in first half 2022 despite a slight slowdown in the second quarter due to the decline in equity markets (-4% compared to the second quarter 2021). The share of unit linked products in total gross inflows remained stable at 40.9%. Net inflows in second quarter 2022 were therefore positive (+€1.3 billion), despite a slight outflow in euros (-€0.3 billion). Net UL inflows stood at €1.6 billion, nearly the same level as in second quarter 2021, at €1.7 billion.

Assets (savings, retirement and death and disability) stood at €319 billion, up +1% from June 2021, i.e. +€3.2 billion. Compared to end-March 2022, outstandings decreased by €2.9 billion, with net inflows of +€1.3 billion and impacted by a market effect of -€4.2 billion. Unit-linked outstandings stood at €80 billion, down slightly by -1% compared to June 2021, with the share of unit-linked products in outstandings totalling 25.2%.

The Policy Participation Reserve (PPE) reached €13.8 billion as of 30 June 2022, i.e. 6.5% of total outstanding (+0.7 pt compared to June 2021).[19]

In Property and casualty insurance, business was strong in second quarter 2022, with growth of 10.2% in premium income compared to second quarter 2021. The number of property and casualty policies in Crédit Agricole Assurances portfolio rose close to 15.5 million at end-June 2022, up 3.5% year-on-year, with growth sustained across all business lines (home, legal protection, personal accident and health insurance, motor). As a result, Pacifica maintained its position as France's second-largest home insurer and moved from fourth to third place in the cumulative ranking of the number of motor + comprehensive home insurance policies[20]. Furthermore, Pacifica, one of the few insurers that already offer a crop insurance, launched in July 2022 its new Crop Insurance offer, enabling farmers to obtain protection for their crop yields against the main climate-related risks. The combined ratio remained under control at 98.7%, up 1.4 percentage points year-on-year, due to the storms and hail that occurred in the first half of the year.

Premium income in **Death & disability/Creditor/Group** insurance reached €1.2 billion this quarter, up 7.8% compared to second quarter 2021, with buoyant activity across three business lines (creditor insurance +7.5% driven by a favourable real estate market and sustained activity in consumer finance, death & disability +8.5% and group insurance +15.1%).

Asset management (Amundi) had a resilient second quarter in 2022 despite difficult market conditions, with a sharp rise of +7.3% year-on-year in assets under management to €1,925 billion (including the integration of Lyxor's assets totalling €148 billion at 31 December 2021). Compared to 31 March 2022, assets under management decreased by -4.8%, impacted by unfavourable market effects, which stood at -€97.8 billion, due to the sharp fall in equity markets and the rise in long-term rates over the quarter.

Net inflows in second quarter 2022 were positive at +€1.8 billion, driven by JV inflows of +€13.1 billion (mainly India and China). In retail, business was resilient with flows in MLT Assets totalling -€0.9 billion, in an unfavourable market environment, including positive third-party distributor inflows of +€1.6 billion. The -

[19] This average annualised rate of return on assets in the general fund reached 2.26% at end-2021, i.e. a level significantly above the policyholders' profit-sharing rate (at 1.28% end-2021) and the average guaranteed minimum rate (0.16% at end-2021).

[20] Source: Argus de l'Assurance; 2022 ranking based on the number of motor and comprehensive home insurance policies.

€9.1 billion outflow from the Institutional investor segment was due to customer derisking. Cash management products also recorded a slight outflow of -€1.3 billion.

Amundi Technology's development continued with an increase in revenues from this activity for the first half of the year of +15.5% compared to first half 2021, reaching €22 million.

In Wealth management, assets under management were stable (-0.2%) at €131 billion at the end of June 2022, thanks to buoyant net inflows totalling +€2.8 billion.

Results of the Asset Gathering division

The **Asset gathering** (AG) division posted **underlying net income Group share** of €584 million in second quarter 2022, down -10.6% compared to second quarter 2021, due to unfavourable market effects across all business lines. The underlying net income Group share reached €1,155 million in first semester 2022, stable compared to first semester 2021 (-0.9%).

The division contributed 39% to the underlying net income Group share of the Crédit Agricole S.A. core businesses (excluding the Corporate Centre division) in first half 2022 and 28% of the underlying revenues of Crédit Agricole S.A.'s business lines. (excluding the Corporate Centre division).[i]

As at 30 June 2022, own funds allocated to the business line amounted to €12.7 billion, including €11.1 billion for Insurance, €1.2 billion for Asset management, and €0.5 billion for Wealth management. The business line's risk weighted assets amounted to €41.1 billion, including €23.8 billion for Insurance, €12.5 billion for Asset management and €4.8 billion for Wealth management.

The underlying RoNE (Return on Normalised Equity) stand at 21.2% for first half 2022, versus 24.4% for full year 2021.

Insurance results

Underlying revenues of the insurance business reached €691 million in second quarter 2022, down -5.3% year-on-year due to unfavourable market effects (around -€270 million) and the increase in claims due to the June weather events in France, offset by the increase in the financial margin and the reversal of technical reserves (around +€170 million) and a favourable impact stemming from the dismantling of the Switch mechanism (+€36 million). Underlying expenses were up +2.2% in second quarter 2022 compared to second quarter 2021. Underlying gross operating income decreased by -7.7% to €507 million in second quarter 2022. The underlying cost/income ratio stood at 26.7% in second quarter 2022, up slightly by +1.9 percentage points. The tax level decreased by -18.6% to €101 million, which included an unfavourable tax impact linked to the payment of a special dividend of €2 billion (€26.8 million in corporate income tax and CVAE for the Holding company). As a result, the underlying net income Group share stood at €391 million, i.e. a decrease of -3.2%. Without the tax impact of -€26.8 million related to the payment of the special dividend of €2 billion, the underlying net income Group share would have grown by 3.4%.

Underlying revenues for the insurance business in first half 2022 reached €1,389 million, up +2.6%, thanks to the increase in unit-linked outstandings over the half-year, the increase in the recognition of the financial margin, reversals of technical reserves and the positive effect stemming from the dismantling of the Switch mechanism. Expenses increased by +5.9%, mainly due to the increase in taxes related to the evolution of the 2021 premium income, which had an unfavourable impact on the C3S tax, and to IT expenses. The cost/income ratio stood at 31.6%, up 1 percentage point compared to first half 2021. Underlying gross operating income thus increased by +1.1%. Finally, the tax charge for first half 2022 decreased by -10.5% compared to first half 2021, due to the decrease in the effective tax rate, despite an unfavourable tax impact related to the payment of a special dividend of €2 billion. As a result, net income Group share reached €737 million, an increase of +5.3% compared to first half 2021.

At 30 June 2022, Crédit Agricole Assurances' solvency was high at 224%[21], down -21 percentage points compared to 31 December 2021, due to developments in the financial markets and the payment of a special dividend of €2 billion to Crédit Agricole S.A. on 24 June.

Asset management results

Underlying revenues totalled €734 million in second quarter 2022 in asset management, a decrease of -11.9% compared to second quarter 2021. On a like-for-like basis[22], i.e. pro forma for Lyxor in second quarter 2021, net management revenues were down -14.7% compared to second quarter 2021, due to the normalisation of performance fees relative to the record level recorded in 2021 (from €155 million in second quarter 2021 to €24 million in second quarter 2022). Net management fees withstood the unfavourable market conditions (average decline of the Eurostoxx -7.5% year-on-year), with an increase of 7.9% (stable at +0.2% on a like-for-like basis[22]). Underlying operating expenses stood at €431 million, up +8.7% as a result of the integration of Lyxor since first quarter 2022, but down -1.7% on a like-for-like basis. Underlying gross operating income fell by 30.6% (-29.8% on a like-for-like basis[22]), due to the normalisation of performance fees, and the underlying cost/income ratio excluding SRF stood at 58.7%. The contribution of equity-accounted entities, comprising in particular income from Amundi's joint ventures in Asia, was up +2.2% compared to second quarter 2021 and amounts to €21 million. The underlying tax charge worked out at €76 million, a decrease of -32.2%. Lastly, underlying net income Group share decreased by -25.1% to €166 million.

In first half 2022, revenues fell by -2.4% in asset management, with net management fees up +12%, resilient to unfavourable market conditions (+4.6% on a like-for-like basis), and a normalisation of performance fees, which totalled €95 million in the first half 2022, compared to €266 million in first half 2021, representing a decrease of -64.3%. Underlying operating expenses excluding SRF increased by +10.7% as a result of the integration of Lyxor (but were stable at +0.8% on a like-for-like basis[22]). The underlying cost/income ratio excluding SRF was 55.4%, up 6.5 percentage points compared to first half 2021, which saw record performance fees. As a result, gross operating income decreased by -15% compared to first half 2021 (-15.2% on a like-for-like basis). The net income of equity-accounted entities increased by +6.5%. All in all, net income Group share for the first half of the year stood at €369 million, a decrease of -11.6%.

Wealth management results

Wealth management's underlying revenues were buoyant, up +12.1% compared to second quarter 2021 and stood at €228 million, boosted in particular by a favourable product mix and supported by the rise in interest rates as well as a positive foreign exchange impact. Underlying expenses excluding SRF totalled €192 million, up +11.2%, mainly due to IT expenses linked to the Azqore business and to a foreign exchange impact. As a result, underlying gross operating income, excluding SRF, rose sharply by +17.7% compared to second quarter 2021 and the underlying cost/income ratio decreased to 84.2% in second quarter 2022 (-0.7 percentage point compared to second quarter 2021). All in all, the underlying net income Group share remained stable at €27 million in second quarter 2022 (€28 million in second quarter 2021).

In first half 2022, Wealth management's underlying revenues rose sharply by +8.7% compared to first half 2021, to reach €445 million. Costs excluding SRF were up +9.9%. Underlying gross operating income was therefore up +3.1% at €65 million. Thus, net income Group share increased by +2.5% to €49 million for the half-year.

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[21] Standard formula without transitional measures, except for grandfathering of subordinated debt
[22] Pro forma data: Amundi + Lyxor in Q1 and Q2 2021

Activity of the Large Customers division

Business activity in **Corporate and Investment Banking (CIB)** as a whole reached record levels in second quarter 2022. **Underlying revenues** were up sharply (to €1,579 million, +22% vs. second quarter 2021, +16.7% excluding the foreign exchange impact), and also above pre-crisis levels (+26.7% vs. second quarter 2019). Underlying revenues in **financing activities** increased significantly (to €765 million in second quarter 2022, +12.8% compared to second quarter 2021 and +5.9% excluding the foreign exchange impact). Commercial banking recorded an excellent performance (+21.8% in second quarter 2022 compared to second quarter 2021) thanks in particular to the development of International Trade & Transaction Banking (ITB) and the solid results of the Telecom sector. Financing activities maintained its leading position in syndicated loans (#1 in France[23] and #2 in EMEA[23]) and was ranked #3 in project finance loans worldwide[23]. **Capital markets and investment banking** revenues increased (to €814 million in second quarter 2022, i.e. +32.1% compared to second quarter 2021 and +28.5% excluding the foreign exchange impact) in the context of high volatility and clients' hedging needs. Therefore FICC activities posted a good performance this quarter (+36.9% compared to second quarter 2021) and investment and equity activities were buoyant (+12.8% compared to second quarter 2021), driven by M&A. CACIB strengthened its **leading positions** in bond issues (#4 All bonds in EUR Worldwide[23], #2 Green, Social & Sustainable bonds in EUR[24]). Average regulatory **VaR** increased to €14.2 million in second quarter 2022 from €6.4 million in second quarter 2021 (and €19.8 million in second quarter 2020), reflecting the market and interest rate shocks over the period. However, it remained at a low level, reflecting **prudent risk management**.

Asset servicing (CACEIS) recorded a good performance this quarter with revenues of €313 million in second quarter 2022, up +10.6% compared to second quarter 2021. However, **assets under custody**, adversely affected by a negative market effect, fell by 5% to €4,078 million at end-June 2022 compared to end-June 2021. The momentum of the business generated by existing and new customers was not enough to offset the market impact. **Assets under administration** were also affected by the negative market effect and were down 6% year-on-year, standing at €2,161 billion at end-June 2022.

Results of the Large Customers division

In **second quarter 2022**, the underlying **revenues** of the Large customers division amounted to €1,892 million, up +20% compared to second quarter 2021, driven by a record performance in the financing activities business lines. Operating expenses excluding SRF were up compared to second quarter 2021 (+6.5%), but the jaws effect remained strongly positive at +13.5 percentage points. As a result, gross operating income rose sharply by +37.9%, mainly due to a robust revenue performance. The division recorded an overall net reversal in the cost of risk of +€76 million in second quarter 2022 (including a +€13 million Russia impact) compared to a reversal of +€41 million in second quarter 2021. This net reversal was due to performing loans reversals and allowances on a few files in default in financing activities. Pre-tax income totalled €1,011 million, up sharply by 48.3%. The tax charge thus increased by +13.4% to €184 million. Lastly, the net income Group share rose significantly to €785 million in second quarter 2022, up +59.5%.

In the first half 2022, the underlying **revenues** of the Large Customers business line amounted to €3,629 million (+12% compared to first half 2021). **Operating expenses excluding SRF** rose +6.4%compared to first half 2021 to €1,927 million, largely related to IT investments and business development. **SRF expenses** were up +34.7% compared to first half 2021. Gross operating income for first half of 2022 therefore totalled €1,260 million, up +14.3% from first half 2021. As a result, **the jaws effect** was clearly positive at +5.6 percentage points for the period. The **cost of risk** ended the first half 2022 with a net provision of -€202 million compared to a net provision of -€27 million in the first half 2021, mainly due to the impact of the Russian-Ukrainian war and its consequences in terms of provisioning on performing loans in the first quarter 2022. The business line's contribution to underlying **net income Group share** was €752 million, down a slight -2.2% compared to first half 2021.

[23] *Refinitiv*
[24] *Bloomberg*

The business line contributed 25% to the **underlying net income Group share** of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre division) in first half 2022 and 30% to **underlying revenues** excluding Corporate Centre division.

At 30 June 2022, **equity allocated** to the division totalled €13.5 billion and its **risk weighted assets** amounted to €142.2 billion.

The business line's underlying **RoNE** (Return on Normalised Equity) stood at 14.1% in first half 2022 (versus 13.1% for 2021).

Corporate and Investment banking results

In the **second quarter 2022** the underlying **revenues** of Corporate and Investment Banking rose sharply by +22.0% compared to second quarter 2021, to €1,579 million, reflecting CACIB's record commercial activity, in a context of high volatility and high customer hedging needs. Underlying **operating expenses excluding SRF** were up +8.0% this quarter compared to second quarter 2021, and reached -€738 million, due to an expanded portfolio of IT projects and to activity development (headcount and variable compensation.) There was thus a positive jaws effect of +14 percentage points. **Gross operating income** rose sharply +37.7% compared to second quarter 2021, to €840 million. The **cost of risk** showed a net reversal of +€75 million, as compared to a reversal of +€40 million in second quarter 2021, which was largely the result of the reversal in financing activities of provisions for Stage 1 and 2 performing loans (for +€143 million) and by a few additions to Stage 3 provisions for proven risks (-€70 million). Lastly, **pretax income** for second quarter 2022 was +€915 million, up +49.2% from second quarter 2021. The tax charge was €165 million. In all, underlying **net income Group share** was €733 million in second quarter 2022, up very sharply +60.2% compared to second quarter 2021.

Risk weighted assets at end June 2022 were stable (-€0.7 billion) compared to end March 2022 and stood at €132.7 billion. Excluding foreign exchange impact, they were lower by -€3.2 billion, notably due to securitization operations.

In first half 2022, underlying **revenues** rose +12.9% compared to first half 2021, to €3,004 million, up +9.2% at constant exchange rates. The two business lines contributed equally to the increase over the half-year. Financing activities showed an increase of +12.4% compared to first half 2021 while Capital markets and investment banking rose +13.5% from first half 2021. Underlying expenses **excluding SRF** were increased +7.9%, related to the organic growth strategy and business development of CIB, whereas SRF expenses were up more significantly by +30.2%, to €384 million in first half 2022. As a result, the jaws effect was positive at 5 percentage points over the half-year. Thus, underlying **gross operating income** at €1,139 million was up sharply (+14.7% compared to first half 2021.) The cost of risk recorded a depreciation of -€204 million during the first half 2022, in keeping with the conservative provisioning of Russian exposures in the first quarter (a provision of -€346 million on performing loans in Russia in the first quarter 2022), versus -€32 millions in first half 2021. The tax charge came to -€232 million, a +17.5% increase in line with activity growth. The business line's contribution to **net income Group share** was therefore down slightly -3.6% to €687 million.

Asset servicing results

In second quarter 2022, underlying **revenues** of asset servicing were up +10.6% compared to second quarter 2021, to €313 million. This increase was essentially due to the good performance of the interest margin over the period (+10%), linked to strong inflows greatly offsetting the negative market impact. Underlying **operating expenses** excluding SRF were held to +1.7% compared to second quarter 2021, at €222 million. This created a strongly positive jaws effect of 8.9 percentage points in the second quarter of 2022. As a result, underlying gross operating income was up sharply +39.3% to €92 million in second quarter 2022. Underlying **net income** totalled €77 million, a rise of +48.1%. After sharing €25 million with non-controlling interests, the business' contribution to underlying **net income Group share** during second quarter 2022 was up +49.7% year-on-year at €53 million.

First half 2022 underlying **revenues** were up +7.7% compared to first half 2021, driven by the good performance of customer activities, growth in fees in the first quarter and the helpful trend in interest margin in the second quarter. Underlying charges **excluding SRF** were kept under control with a slight increase of +1.8%, whilst SRF expense rose a very great deal, by +76.8%. The jaws effect excluding SRF was therefore positive and amounted to +5.9 percentage points in first half 2022. This resulted in a +10.6% increase in underlying **gross operating income** compared to first half 2021. As a result, underlying **net income** was up +13.4%. The overall contribution of the business line to **net income Group share** in first half 2022 was €66 million, representing a +13.9% increase compared to at 30 June 2021.

Specialised financial services activity

The **Specialised financial services business line** saw buoyant activity across all businesses this quarter.

The **commercial production** of Crédit Agricole Consumer Finance (CACF) rose in second quarter 2022 compared to second quarter 2021 (+9.0%), boosted by strong momentum both in France and abroad. Despite persistent shortages of electronic components the automotive market, the production of automotive JVs was up this quarter (+6.7% compared to second quarter 2021 and +14.1% from first quarter 2021, driven by GAC Sofinco). At end June 2022, CACF's total outstandings therefore stands at €96.6 billion, i.e., +4.9% compared to end June 2021.

Sofinco was voted best digital journey in consumer credit by Google UX 2022.

Crédit Agricole Leasing and Factoring's (CAL&F) **commercial production in leasing** was very active, down from an exceptional second quarter 2021 in renewable energy (-4.7% in second quarter 2022 from second quarter 2021). Commercial production in factoring grew +16.4% compared to second quarter 2021, driven in particular by a major payment partnership in Italy. Outstanding leasing reached €16.7 billion at end June 2022 (of which €13.4 billion in France and €3.3 billion abroad), i.e. +5.1% compared to end June 2021. The energy transition hub was launched in five Regional Banks, and a Unifergie/Perfesco partnership was announced on 5 July 2022 to improve the energy efficiency of professionals and manufacturers.

Specialised financial services' results

Net income Group share of **Specialised Financial Services**[25] reached €201 million in the **second quarter 2022**, down -2.8% from the second quarter 2021. Underlying revenues amounted to €685 million, up +4.0% compared to the second quarter 2021, driven by the strength of CAL&F revenues (+8.3%)[26], with CACF revenues up +2.7% from second quarter 2021. The division's underlying expenses excluding SRF were -€360 million, up +9.9% compared to first quarter 2021. **Gross operating income** was lower by -1.8% compared to second quarter 2021, and the underlying **cost/income ratio** excluding SRF remained low at 52.5% (up +2.8 percentage points compared to second quarter 2021). The **Cost of risk** decreased from a high second quarter 2021 (-16.5%).

In the **first half 2022,** underlying revenues of **Specialised financial services**[27] increased by +5.4%, driven by the excellent performance of CAL&F (+10.7%[26] compared to first half 2021) and higher revenues for CACF (+3.9% compared to first half 2021). **Underlying costs excluding SRF** increased +9.7% compared to first half 2021. The underlying cost/income ratio excluding SRF remained low at 52.9%%, down +2.1 percentage points compared to the first half of 2021. **The SRF contribution** came to -€34 million in first half 2022, up +47.9% compared to first half 2021. **The cost of risk** decreased -9.6% in first half 2022 compared to the first half 2021. The contribution of equity-accounted entities rose +1.1% in underlying terms. **The net income Group share** was €364 million, stable as compared to the first half 2021.

The business line contributed 12% to the **underlying net income Group share** of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre division) in first half 2022 and 11% to **underlying revenues** excluding Corporate Centre division.

At 30 June 2022, the **equity allocated** to the division was €5.5 billion and its **risk weighted assets** were €57.5 billion.

The business line's underlying **RoNE** (Return on Normalised Equity) stood at 15.2% in first half 2021 (versus 15.2% for 2021).

Consumer finance results

In the second quarter 2022, at constant scope[28],i.e., excluding CACF NL (classified under IFRS 5 the third quarter 2020 and incorporated into the line-by-line consolidation in the third quarter 2021) and excluding CACF Spain (owned 100% since Q3 2021), CACF's underlying revenues were €511.4 million, stable with the second quarter 2021. Underlying expenses, excluding SRF, at comparable scope increased +1.1% compared to the second quarter 2021. Gross operating income at comparable scope fell -1.4% compared to second quarter 2021, and the underlying cost/income ratio excluding SRF on comparable scope remained low at 49.5% (up +0.6 percentage points compared to second quarter 2021). The underlying contribution of equity-accounted entities was €78 million in second quarter 2022 (-5.1% compared to second quarter 2021 in underlying terms). **Without**

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[25] At constant scope, i.e., excluding CACF NL (classified under IFRS 5 since Q3 2020) and CACF Spain (wholly owned since Q3 2021): Specialised Financial Services' underlying net income group share was €207 million in Q2 2022, level at +0.1% with Q2 2021. Underlying revenues were €669 million, up +1.7% from Q2 2021, driven by CAL&F (+8.3%)[26], as CACF revenues were stable vs Q2 2021. The division's underlying costs excluding SRF were -€341 million, up +4.3% from Q1 2021. Gross operating income was down (-0.9%) compared to Q2 2021, and the underlying cost/income ratio excluding SRF remained low at 51.0% (up +1.3 percentage points compared to Q2 2021). The cost of risk is down -18.7%.

[26] Inc. Olinn acquired by CAL&F in Q4 2021

[27] At constant scope, i.e., excluding CACF NL (classified under IFRS 5 since Q3 2020) and CACF Spain (wholly owned since Q3 2021), the underlying revenues of Specialised Financial Services rose +3.1%, including +10,7% for CAL&F[26] and +0,9% for CACF. Underlying costs excluding SRF increased +4.2%. The underlying cost/income ratio excluding SRF remained low at 51.4%%, an improvement of +0.5 percentage point. The cost of risk is down -10.0%. The contribution of equity-accounted entities rose +1.1% in underlying terms. This net income Group share was thus €372 million, up +2.1% from first half 2021.

[28]Without restatement for scope, in second quarter 2022, CACF's underlying revenues were €527 million, a year-on-year increase of +2.7%. CACF's underlying expenses rose +8.4% from second quarter 2021. Underlying gross operating income fell -2.6% from second quarter 2021; and the underlying cost/income ratio excluding SRF remained low at 51.6% (an increase of 2.7 percentage points compared with second quarter 2021). The underlying contribution of equity-accounted entities was €78 million in second quarter 2022 (-5.1% compared to second quarter 2021 in underlying terms). The cost of risk fell by -15.9% vs. second quarter 2021. The cost of risk relative to outstandings (in basis points over a rolling four-quarter period) was 118 basis points, and the annualised quarterly cost of risk on outstandings was 107 basis points. The non-performing loan ratio was 5.0%, down -0.1 percentage points compared to end March 2022, and the coverage ratio reached 88.7%, down -1.1 percentage points compared to end March 2022. Underlying taxes came to -€45 million in second quarter 2022, up +1.4% compared to the second quarter 2021. All in all, underlying net income Group share totalled €157 million in second quarter 2022, down -6.4% compared to second quarter 2021.

restatement for scope, the **cost of risk** decreased -15,9% compared to second quarter 2021, down to -€100 million, primarily due to provisions for proven risks (Stage 3) at -€122 million, and a +€7 million reversal on provisions for performing loans (Stage 1 et 2) and of +€15 million for other provisions. **Without restatement for scope,** the **cost of risk on outstandings** on over a rolling four quarter period[29] was 118 basis points, and the cost of risk in annualised quarters[30] was 107 basis points. The **non-performing loan ratio** was 5.0%, down -0.1 percentage point from end March 2022; and the coverage ratio was 88.7% down -1.1 percentage point from end March 2022. **Underlying taxes** came to -€45 million in second quarter 2022, up +1.4% compared to the first quarter 2021. All in all, **underlying net income Group share** totalled €157 million in second quarter 2022, down -6.4% compared to second quarter 2021.

In first half 2022, underlying **revenues** at constant scope (excluding CACF NL and CACF Spain)**[31]**, rose +0.9% compared to first half 2021. Expenses excluding SRF at comparable scope rose +0.6% from first half 2021; the SRF contribution at comparable scope was -€16 million (+65.3% from first-half 2021), the underlying **cost/income ratio excluding SRF** at constant scope remained low at 50.0%, stable compared to first-half 2021. Underlying gross operating income at constant scope was stable compared with first-half 2021. The cost of risk at constant scope increased -7.4%, to -€217 million compared to first-half 2021. The contribution of **equity-accounted entities** in underlying terms increased by +1.1%.

The business line's contribution to underlying **net income Group share** without restatement for scope was at €289.5 million, down -4.1% compared to first half 2021.

Leasing & Factoring results

In the **second quarter 2022**, the underlying **revenues** of CAL&F was €158 million, up significantly by +8,3%[26] compared to second quarter 2021, due to the scope effect from the Olinn acquisition in Q4 2021 (revenue increase of +3,5% without this scope effect) and to growth in the factoring business. Costs excluding SRF were up +14.8% (+6.8% excluding Olinn compared to second quarter 2021) because of volume growth and IT investments.

The **underlying cost/income ratio excluding SRF** stands at 55.7% this quarter, an improvement of 3.2 percentage points compared to second quarter 2021. This resulted in a year-on-year increase in **gross operating income** of +1.2%. The **cost of risk** decreased significantly compared to second quarter 2021 (-21.3%). CAL&F's **underlying net income Group share** was €44 million in second quarter 2022, up +13.1% compared to second quarter 2021.

In first half 2022, underlying **revenues** were up +10.7% from first quarter 2021, again due to the scope effect of the Olinn acquisition in Q4 2021 (revenues rose 5.7% without this scope effect), with high volume in factoring in first half 2021. **Costs excluding SRF** were up +16.0% (+7.5% excluding Olinn compared to first half 2021) and followed volume growth. The SRF contribution came to -€18 million in first half 2022, up +35.0% compared to first half 2021. This resulted in a +1.5% increase in underlying **gross operating income** compared to first half 2021. **The underlying cost/income ratio excluding SRF** remained low at 55.7%%, up +2.5 percentage points compared to the first half of 2021. The **cost of risk** decreased compared to first half 2021 (-31.6%). The business line's contribution to underlying **net income Group share** was €75 million, up +19.3% compared to first half 2021.

[29] Cost of risk for the last four quarters as a proportion of the average outstandings at the beginning of the period for the last four quarters

[30] Cost of risk for the quarter multiplied by four as a proportion of the outstanding amount at the beginning of the period for the quarter

[31] Without restatement for scope in first-half 2022, underlying revenues rose +3.9% as compared to first-half 2021. Costs excluding SRF were up by +7.8% compared to first-half 2021; the SRF contribution was -€16 million; the underlying cost/income ratio excluding SRF remained low at 52.1%, up +1.9 percentage point compared to first half 2021. Underlying gross operating income fell -1.4% compared to first half 2021. The cost of risk increased -6.9% compared to first half 2021. The contribution of equity-accounted entities in underlying terms increased by +1.1%. The business line's contribution to underlying net income Group share was €289.5 million in first half 2022, down -4.1% compared to first half 2021.

Crédit Agricole S.A. Retail Banking activity

The Crédit Agricole S.A. **Retail banking** activity was at high level this quarter, driven at LCL by the production of home, corporate and professional loans and at Crédit Agricole Italia by resilient commercial activity.

Loan production at **LCL** grew rapidly as compared to second half 2021 (+30%[32]), in terms of home (+34%[32]), corporate (+36%[32]) and professional loans (+16%[32]), plus consumer finance (+7%[32]). In this context, outstanding loans increased by +8.3% since end June 2021, to €156.7 billion , including +9.2% on real estate loans, +7.9% on loans to professionals, +6.9% on loans to corporates and +4.9% on consumer finance. Customer assets were up +1.2% compared to end June 2021, driven by on-balance sheet deposits (+2.7%) from the increase in sight accounts (+6.4%) and passbook accounts (+3.6%), despite off-balance sheet savings, which fell by -1.3% due to an unfavourable market effect. Customer capture included 84,000 new customers this quarter. The equipment rate for car, home, health, legal, all mobile phones or personal accident insurance was up +0.7 percentage point compared to end June 2021, and reached 26.9% at end June 2022. Finally, LCL announced the launch of GreenEquity starting in September, to support SMEs, SMIs and large corporates wishing to be listed on the stock market, by helping them to increase and enhance their ESG (Environment, Social and Governance) efforts.

CA Italia's outstanding loans at end June 2022 were €59.6 billion, stable compared to end June 2021 excluding the disposal of €1.5 billion of NPE receivables in fourth quarter 2021, and stable compared to first quarter 2022. New loan production, particularly for housing, was resilient in a down market in Italy. Customer assets at end June 2022 stood at €110.0 billion, down -1.5% resulting from an unfavourable market in managed savings and continued improvements in on-balance sheet deposits. The equipment rate for car, home, health, legal, all mobile phones or personal accident insurance rose +1.7 percentage points compared with end June 2021 to 20.1% (15.6% including Creval's customer base) at end June 2022. Gross customer acquisition amounted to 45,700 new customers in the quarter, consumer finance production in volume terms was up +21% compared to second quarter 2021, and the volume of "Ecobonus"[33] customer tax credit refinancing reached about €1 billion. Finally, in second quarter 2022, 35% of current account openings and investment product sales were made online.

For all International Retail Banking excluding Italy, outstanding loans were down -2.4% at end June 2022 compared to end June 2021 and customer assets were down -3.3% over the same period. Excluding disposed entities or those held for sale[34], loans outstanding grew at +11.7%[34] and customer assets at +9.5%[34] over the same period.

In second quarter 2022, commercial activity was up sharply in Poland and Egypt compared to second quarter 2021, with loan growth of +13% at constant exchange rates, with Poland up +12% and Egypt +17%, and on-balance sheet deposits up +7% at constant exchange rates (+15% in Poland and +11% in Egypt). In addition, on-balance sheet deposits in Ukraine grew by 23% at constant exchange rates.

The net inflow surplus in International retail banking excluding Italy amounts +€2.3 billion at 30 June 2022.

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[32] Excluding state-guaranteed loans

[33] Italian tax deductions for renovation, energy efficiency and building safety, introduced in 2021.

[34] Entities disposed or held for sale: Romania classified under IFRS 5 in Q1 2021 (disposal effective Q3 2021); Serbia classified under IFRS 5 since Q2 2021 (disposal effective 1 April 22) and Crédit du Maroc classified under IFRS 5 since Q1 2022.

French retail banking results

Underlying revenues at LCL in second quarter 2022 were up +5.8% compared to second quarter 2021, at €981 million. This increase was driven by fee and commission income (+6.9%), particularly on payment instruments and insurance, as well as by the net interest margin (+4.9%), supported by corporate lending and the repayment of high interest rate market resources.

On an underlying basis, expenses excluding SRF were kept under control at €572 million this quarter (+2.9% Q2/Q2), resulting in an improvement in the underlying cost/income ratio excluding SRF which stood at 58.3% for the quarter (down -1.6 percentage points versus second quarter 2021).

Driven by the increase in revenues, underlying gross operating income was up +9.4% year-on-year, despite a residual SRF contribution of €3 million recognised in Q2 2022 (compared to nil in Q2 2022). The cost of risk was stable at -€43 million, including a reversal of provisions for various claims. The coverage ratio remained high at 82.0% at end June, versus 83.7% at end March 2022. The non-performing loan ratio was 1.5% at end June 2022, up 0.1 percentage point compared to end March 2022. As a result, net income Group rose a significant +18.1% compared to second quarter 2021.

In the first half of 2022, LCL's revenues rose by +7.1% compared with first half 2021 to €1,962 million, driven by net interest margin, which was buoyed by corporate and professional activity and benefiting from non-recurring effects (revaluation of the private equity portfolio in the first quarter, repayment of high-interest market resources in the second quarter), and by fees and commissions, in particular those on non-life insurance and payment instruments. Underlying costs excluding SRF rose in a controlled manner by +3.4% and by +2.2% excluding SRF and FGD contributions. This led to an improvement in the underlying cost/income ratio excluding SRF of -2.1 percentage points compared to first half 2021, which stood at 59.5%. As a result, gross operating income was up +12.6%. The cost of risk fell by -17.2% chiefly due to the -25.8% decline in the first quarter 2022. All in all, the business line's contribution to net income Group share rose sharply by +59.5%.

The underlying RoNE (return on normalized equity) stood at 20.1% for first half 2022, compared to 15.2% in 2021.

International Retail Banking results

Underlying revenues of International Retail Banking rose +1.4% to €812 million in second quarter 2022. Prof orma for the acquisition of Creval in second quarter 2021, excluding Crédit du Maroc, which fell under IFRS 5 in first quarter 2022, and excluding Crédit Agricole Serbia, which was sold on 1 April 2022, the revenues of the international retail banking division rose +4.3% in second quarter 2022 from second quarter 2021. Underlying expenses excluding SRF decreased -0.5% to €479 million in second quarter 2022. Pro forma for Creval and excluding Crédit Agricole Serbia and Crédit du Maroc, expenses were down -0.5%. As a result of these scope effects, underlying gross operating income excluding SRF was +€333 million, up +4.2% compared to second quarter 2021. Pro forma for Creval and excluding Crédit Agricole Serbia and Crédit du Maroc, underlying GOI excluding SRF rose +12.2%. The underlying cost of risk was -€117 million, with the increase coming mainly from international retail banking outside Italy. All in all, the underlying net income Group share of the International retail banking division amounted to €128 million, i.e. 6.5% of the net income Group share of Crédit Agricole S.A.'s business lines.

In the first half of the year, underlying revenues for the International retail banking division rose by +6.9% to €1,598 million. Pro forma for the Creval acquisition in Italy, and excluding Crédit du Maroc, which fell under IFRS 5 in first quarter 2022, and excluding Crédit Agricole Serbia, sold on 1 April 2022, the revenues of the International Retail Banking division rose +3.0% in first half 2022 compared with first half 2021. Underlying operating expenses excluding SRF increased +6.8% to €958 million in first half 2022. Pro forma for Creval and excluding Crédit Agricole Serbia and Crédit du Maroc, they rose +0.4%. As a result of these scope effects, underlying gross operating income excluding SRF was +€641 million, up +7.2% compared to first half 2021. Pro forma for Creval and excluding Crédit Agricole Serbia and Crédit du Maroc, underlying GOI excluding SRF rose.+7,1%. Underlying cost of risk was -€195 million, stable with first half 2021. All in all, the underlying net income Group share of the International Retail Banking division amounted to €234 million, i.e. 7.9% of the net income Group share of Crédit Agricole S.A.'s business lines.

Results in Italy

In second quarter 2022, CA Italia's underlying revenues were up +6.8% compared with second quarter 2021 at €622 million. Pro forma for the Creval acquisition, revenues were down -1.5%, due to continued pressure on net interest margin in a competitive environment, but with an upward trend in home and business loan rates. Banking fee and commission income rose +3.0%, due to property and casualty insurance, consumer finance and corporate lending. Underlying expenses excluding SRF were up compared to second quarter 2021 (+6.7%) at €372 million. Pro forma for Creval, expenses decreased -3.7% thanks to cost synergies following the Creval integration, resulting in a positive jaws effect of +2.2 percentage points pro forma for Creval. Overall, underlying gross operating income excluding SRF recorded an increase of +7.0% versus second quarter 2021 (+2.1% pro forma for Creval). The cost of risk decreased by -6.6% compared to first quarter 2021 (-15.0% pro forma for Creval) as CA Italia's risk profile was improved by the disposal of doubtful loans for €1.5 billion in fourth quarter 2021. The non-performing loan ratio at 30 June 2022 was 3.8% and the coverage ratio 63.4%. This translates into a net income Group share of €102 million for CA Italia, up +41.0% compared to second quarter 2021 and +36.5% pro forma for Creval.

In the first half of the year, underlying revenues for Crédit Agricole Italia rose +15.9% to €1,241 million. Pro forma for the Creval acquisition, revenues fell -1.8%. Underlying expenses excluding SRF were up compared to first half 2021 (+17.7%) at €740 million. Pro forma Creval, expenses decreased by -2.6%. The cost of risk decreased -20.7% from first half 2021 (-35.7% pro forma for Creval). This translates into a net income Group share of €198 million for CA Italia, up +48.3% compared to first half 2021 and +35.4% pro forma for Creval.

CA Italia's underlying RoNE (return on normalised equity) for first half 2022 was 13.7%.

Crédit Agricole Group in Italy results

The Group's underlying income in **Italy** reflect excellent performance from the Group's various business lines and was €438 million for first half 2022, an improvement of +15% compared to first half 2021, due to the growth in gross operating income of +8.5%. The Group's income in Italy represents 16% of Crédit Agricole S.A.'s[35] underlying income, and Crédit Agricole Italia's income represent 45% of that income. **Crédit Agricole Italia** is the number 2 Italian bank in terms of NPS[36] with 82,000 new customers in the first half of the year and fee and commission income up +1% compared to first half 2021. **Amundi** was the leading Italian asset manager in the first half[37] and produced strong inflows in the first half of the year at €4.2bn, but was impacted by a negative market effect on performance fees. In **Insurance**, life insurance market share was 6.8%[38], in line with the market share at end 2021, and the unit-linked rate of gross inflows was 47.2%. Non-life insurance performed well in the first half, with inflows of €60 million, an increase of +21% compared to the period ended 30 June 2021. **CACIB Italy** activity was very active in syndicated loans (2nd largest bookrunner by value[39]) and confirmed its leadership in ESG[39] (green and sustainable transactions, all sectors and products). In consumer finance**, Agos**' market share was up +130 basis points compared to first half 2021 to 14.1%[40] with new production up +25% over the period, without harm to the quality of the portfolio.

The Crédit Agricole Group in Italy has been developing jointly its retail banking and its business lines. Thus, Creval's IT migration was completed on 23 April 2022, and all the Group's products (consumer finance, insurance and asset management) are now distributed throughout the Creval network.

International Retail Banking results – excluding Italy

The income of our entities in Morocco and Serbia are recognised in second quarter 2022 under IFRS 5, impacting all international retail banking profit and loss lines of International Retail Banking-excluding Italy. Crédit Agricole Serbia being sold on 1 April 2022, contributed €0.1 million to net income Group share, and Crédit du Maroc contributed €11.9 million.

In the second quarter 2022, underlying revenues of non-Italian retail banking fell -13.1% compared with the second quarter 2021, to €190 million. Excluding Crédit du Maroc, which fell under IFRS 5 in first quarter 2022, and excluding Crédit Agricole Serbia, which was sold on 1 April 2022, underlying revenues rose +29,3%. Operating expenses excluding SRF decreased -19.3%, but increased +12.4% excluding Crédit du Maroc and Crédit Agricole Serbia. As a result of these scope effects, underlying gross operating income excluding SRF stood at €83 million, down -3.5% compared to second quarter 2021. Excluding Crédit Agricole Serbia and Crédit du Maroc, underlying GOI excluding SRF rose +60.2%. The underlying cost of risk was -€44 million, up from -€16 million in second half 2021, due to the higher cost of risk in Ukraine. All in all, the contribution of the line to net income Group share was €25 million, down -31.4% compared to second quarter 2021.

Apart from our entities that have been sold or are in the process of being sold, and Ukraine, whose operations have been heavily penalised and whose results were nil this quarter with a strengthening of provisions to the level of GOI, the net income Group share of our entities in Poland and Egypt rose sharply (by a factor of 1.8) at constant exchange rates in second quarter 2022 as compared with second quarter 2021, in an environment of rising rates.

By country:

- CA Poland: revenues were up sharply (+29%), driven by gross customer acquisition (+54,000 customers in the second quarter of 2022), a strong increase in net interest margin and the development of fee and

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[35] *Excluding Corporate Center*

[36] *Doxa IRC Strategico 2021 survey covering January to May*

[37] *Source: Assogestione monthly rankings, scope different from that applied by the Amundi Group (including, e.g., Wealth Management and Unit Linked))*

[38] *May 2022*

[39] *CACIB #2 Syndicated loans in EMEA (source refinitiv) ; CACIB #2 EUR Green, Social & Sustainable bonds in EUR (source Bloomberg)*

[40] *source Assofin*

commission income. Expenses increased by 16% due to IT investments and the support of business development. The non-performing loan ratio was level with first quarter 2022 at 5.7%, and the coverage ratio was 114.6%.

- CA Egypt: Gross operating income rose 21% compared to second quarter 2021, driven by coporate lending and a rise in interest rates. The non-performing loan ratio was 3.8% and the coverage ratio was 120.8%

In first half 2022, underlying revenues of non-Italian retail banking fell -15.7% compared with first half 2021, to €358 million. Excluding Crédit du Maroc, which fell under IFRS 5 in first quarter 2022, and excluding Crédit Agricole Serbia, which was sold on 1 April 2022, underlying revenues rose +24.3%. Operating expenses excluding SRF decreased -18.9%, but increased +12.6% excluding Crédit du Maroc and Crédit Agricole Serbia. As a result of these scope effects, underlying gross operating income excluding SRF was €140 million, down -10.3% compared to first half 2021. Excluding Crédit Agricole Serbia and Crédit du Maroc, underlying GOI excluding SRF rose +48.2%. The underlying cost of risk was -€76 million, up from -€45 million in first half 2021, due to the higher cost of risk in Ukraine. All in all, the contribution of the line to net income Group share was €36 million, down -34.1% compared to first half 2021.

The underlying RoNE (return on normalized equity) of the other IRBs stands at 11.3% for first half 2022, compared to 14.4% for 2021.

The International retail banking business line contributed for 8% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding the Corporate Centre division) in the second quarter 2022 and 13% to underlying revenues excluding the Corporate Centre.

The entire Retail banking business line contributed for 23% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding the Corporate Centre division) in the second quarter 2022 and 30% to underlying revenues excluding the Corporate Centre.

As at 30 June 2022, the equity allocated to the division was €9.8 billion, including €4.9 billion for French retail banking and €4.9 billion for International retail banking. Risk weighted assets for the division totalled €102.8 billion including €51.6 billion for French retail banking and €51.1 billion for International retail banking.

Corporate Centre results

The underlying net income Group share of the Corporate Centre division was -€60 million in second quarter 2022, a rise of +€16 million since second quarter 2021. An analysis of the negative contribution of the Corporate Centre looks at both the "structural" contribution (-€175 million) and other items (+€115 million).

The contribution of the "structural" component decreased by -€18 million compared to second half 2021 and can be broken down into three types of activity:

- The activities and functions of the Corporate Centre of the Crédit Agricole S.A. corporate entity. This contribution reached -€212 million in second quarter 2022, down by -€11 million, mainly due to the impact of inflation on ALM;
- The sub-divisions that are not part of the core business lines, such as CACIF (Private equity) and CA Immobilier and BforBank, equity-accounted as it is 50% owned by Crédit Agricole S.A. following its capital increase: their contribution of +€33 million in second quarter 2022 was slightly down compared to second quarter 2021 (+€12 million). This decrease is linked in particular to a base effect due to favourable revaluations of certain private equity funds in Q2-2021.
- Group support functions: their contribution was slightly positive this quarter (+€5 million compared to the second quarter 2021), thanks to the dynamic activity in Credit Agricole Payment Services.

The contribution of "other items" was up compared to second quarter 2021 (+€34 million) due to the effect of the rise in spreads on eliminations on intra-group securities underwritten by Predica and Amundi.

The underlying net income Group share of the Corporate Centre division in first half 2022 was -€291 million, down -€5 million compared to first half 2021. The structural component contributed -€476 million, while the division's other items contributed +€186 million over the half-year.

The "structural" component contribution is down -€73 million compared with first half 2021 and can be broken down into three types of activities:

- The activities and functions of the Corporate Centre of the Crédit Agricole S.A. corporate entity. This contribution amounted to -€516 million for first half 2022, down by €55 million compared with first half 2021;
- Businesses not attached to the core businesses, such as CACIF (private equity) and CA Immobilier and BforBank: their contribution, which stood at +€32 million in first half of 2022, was down compared to first half of 2021 (+€27 million).
- Group support functions: their contribution was +€8 million in first half 2022 compared to a neutral contribution in first half 2021.

The contribution of "other items" was up compared to first half 2021 (+€68 million), due in particular to the positive impact of the rise in spreads since the beginning of the year on eliminations on intra-group securities underwritten by Predica and Amundi.

As at 30 June 2022, risk weighted assets were €26.5 billion.

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Financial strength

Crédit Agricole Group

As at 30 June 2022, the Crédit Agricole Group **phased-in Common Equity Tier 1 (CET1) ratio** was slightly up by 0.5 percentage points compared to end March 2022, reaching 17.5%. Therefore, Crédit Agricole Group posted a substantial buffer of 8.6 percentage points between the level of its CET1 ratio and the 8.9% SREP requirement[41], up compared to 31 March 2022. The fully loaded CET1 ratio is 17.2%.

- The CET1 ratio benefited this quarter from the impact of the retained earnings of +38bp.
- The organic growth of businesses contributes to risk weighted assets increase for +€3.3 billion compared to end March 2022 (excluding the foreign exchange impact of +€2.8 billion), including a decrease of -€4 billion in risk weighted assets in the Corporate and Investment Banking division (of which -€3.4 billion at CACIB) offset by an increase, mainly concentrated in Retail Banking (+€5.9 billion) and SFS (+€2.5 billion), for an overall impact of -9 bp.
- The insurance effect on the ratio represents +11 bp this quarter, of which -16 bp related to the decrease in unrealised gains and/or losses (OCI) and +27 bp on Equity-accounted value of insurance excluding OCI, including in particular the impact of the payment of an exceptional dividend of €2 billion by Crédit Agricole Assurances to Crédit Agricole SA on 24 June 2022.
- Finally, M&A, regulatory and other effects contributed +11 bp, including a foreign exchange impact for -2 bp, a favourable impact on deferred taxes related to the merger with Creval for +4 bp, the disposal of CA Serbia on 1 April 2022 for +2 bp and the discounting of post-employment commitments for +4 bp.

The phased-in **Tier 1 ratio** stood at 18.6% and the phased-in total ratio was 21.5% this quarter.

The **phased-in leverage ratio** stood at 5.3%, down -0.5 percentage points compared to end March 2022 notably linked to the end of the ECB exposures exclusions, and well above the regulatory requirement of 3%.

Crédit Agricole Group's **risk weighted assets** were down -€12.4 billion compared to 31 March 2022. The organic growth of risk weighted assets amounts to +€3.3 billion (excluding the foreign exchange impact for +€2.8 billion). The risk weighted assets of the Retail banking business increased compared to end March 2021: +€5.9 billion excluding foreign exchange impact of which +€1.1 billion for LCL, +€3.1 billion for Regional Banks and +€1.1 billion for CA Italia. The contribution of Large Customers was down compared with end March 2022 (-€4 billion excluding the foreign exchange impact), including -€3.4 billion for CACIB. The equity-accounted value of insurance had a negative impact on risk weighted assets of -€17.9 billion, mainly due to the payment of an exceptional dividend in second quarter 2022 of €2 billion (impact on risk weighted assets of -€7.4 billion) and unfavourable changes in OCI reserves (impact on risk weighted assets of €9.5 billion). The item "Regulatory methodologies & effects, M&A" had an impact on risk-weighted assets of +€2.3 billion, including in particular the foreign exchange effect for +€2.8 billion and the impact of the disposal of CA Serbia on 1 April 2022 for -€0.8 billion.

Maximum Distributable Amount (MDA) trigger

The transposition of Basel regulations into European law (CRD) introduced a restriction mechanism for distribution that applies 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 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.

[41] *Countercyclical buffer of 3 bp at 30 June 2022, expected to be 39 bp at 30 June 2023 for the Crédit Agricole Group based on information known to date, in particular the increase in the French countercyclical buffer rate to 0.50%, which comes into force in April 2023.*

At 30 June 2022, **Crédit Agricole Group** posted a buffer of **791 basis points above the MDA trigger, i.e. €46 billion in CET1 capital**.

At 30 June 2022, **Crédit Agricole S.A.** posted a buffer of **338 basis points above the MDA trigger, i.e. €13 billion in CET1 capital**.

TLAC

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

- a TLAC ratio above 18% of risk weighted assets (RWA), plus – in accordance with EU directive CRD 5 – 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 set at 0.03% for the CA Group at 30/06/22). Considering the combined capital buffer requirement, the Crédit Agricole Group must adhere to a TLAC ratio of above 21.5%;
- a TLAC ratio of above 6.75% of the Leverage Ratio Exposure (LRE).

The Crédit Agricole Group's 2025 target is to maintain a TLAC ratio greater than or equal to 26% of RWA excluding eligible senior debt.

At 30 June 2022, **Crédit Agricole Group's TLAC ratio** stood at **26.7% of RWA and 7.6% of leverage ratio exposure, excluding eligible senior preferred debt**[42], which is well above the requirements. The TLAC ratio expressed as a percentage of risk weighted assets increased by 80bp over the quarter, in line with the increase in the CET1 ratio and the decrease in RWAs, due in particular to the payment of an exceptional dividend by CAA to Crédit Agricole S.A. ahead of the implementation of IFRS17. Expressed as a percentage of the leverage ratio exposure (LRE), the TLAC ratio increased slightly compared to March 2022, without taking into account the neutralisation of Central Bank exposures.

The Group thus has a TLAC ratio excluding eligible senior preferred debt that is 510 bps higher, i.e. €30 billion, than the current requirement of 21.5% of RWA.

At end June 2022, €3.6 billion equivalent was issued in the market (senior non-preferred debt and Tier 2). The amount of Crédit Agricole Group senior non-preferred securities taken into account in the calculation of the TLAC ratio is €26.0 billion.

MREL

The required minimum levels are set by decisions of resolution authorities and then communicated to each institution, then revised periodically. Since 1 January 2022, the Crédit Agricole Group has to meet a minimum total MREL requirement of:

- 21.04% of RWA, plus – in accordance with EU directive CRD 5 – 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 set at 0.03% for the CA Group at 30/06/22). Considering the combined capital buffer requirement, the Crédit Agricole Group must adhere to a total MREL ratio of above 24.6%;
- 6.02% of the LRE.

At 30 June 2022, the **Crédit Agricole Group had an estimated MREL ratio of 30.8% of RWA and 8.7% of leverage exposure**, well above the total MREL requirement.

An additional subordination requirement to TLAC ("subordinated MREL") is also determined by the resolution authorities and expressed as a percentage of RWA and LRE, in which senior debt instruments are excluded,

[42] *As part of its annual resolvability assessment, Crédit Agricole Group has chosen to waive the possibility offered by Article 72ter(3) of the Capital Requirements Regulation to use senior preferred debt for compliance with its TLAC requirements in 2022.*

similar to TLAC, which ratio is equivalent to the subordinated MREL for the Crédit Agricole Group. At 1 January 2022, this subordinated MREL requirement for the Crédit Agricole Group did not exceed the TLAC requirement.

The distance to the maximum distributable amount trigger related to MREL requirements (M-MDA) is the lowest of the respective distances to the MREL, subordinated MREL and TLAC requirements expressed in RWA.

At 30 June 2022, **the Crédit Agricole Group** had a buffer of **510 basis points above the M-MDA trigger, taking into account the TLAC requirement applicable as of 30 June 2022, i.e. €30 billion of CET1 capital.**

Crédit Agricole S.A.

At end June 2022, Crédit Agricole S.A.'s solvency level was high, with a **phased-in Common Equity Tier 1 (CET1) ratio of 11.3%** (up +0.3 percentage point from end March 2022). Crédit Agricole S.A. therefore had a substantial buffer of 3.4 percentage points between the level of its CET1 ratio and the 7.9% SREP requirement[43], compared with 3.1 percentage points at 31 March 2022. The fully loaded CET1 ratio is 11.1%.

- The CET1 ratio benefited this quarter from a positive impact of +25 bp due to the retention of stated results. In particular, the provision for dividend distribution, based on a 50% pay-out policy, amounts to €0.38 per share in the first half of the year, of which €0.32 per share for second quarter 2022.
- The insurance effect on OCI (unrealised gains and/or losses) and Equity-accounted value of insurance was -11 bp, of which -39 bp[44] related to the decline in unrealised gains and/or losses; the stock of OCI reserves reaching -31 basis points at 30 June 2022. Otherwise, the impact of +28 bp on Equity-accounted value of insurance (excluding OCI) is linked in particular to the payment of the exceptional dividend of €2 billion this quarter in addition to the payment of the balance of the 2022 dividend for €0.7 billion, and to the income of Crédit Agricole Assurance for €0.4 billion.
- The item "M&A, foreign exchange and other" contributed to the increase in CET1 by +22 basis points, of which a neutral foreign exchange impact, M&A effects for +8 bp, including the impact of the disposal of CA Serbia on 1 April 2022 for +2 bp, a favourable impact on deferred taxes related to the merger with Creval for 6 bp, and an impact of the discounting of post-employment commitments for +3 bp.
- The change in risk weighted assets related to the activity of the businesses impacted the CET1 ratio in the quarter by -2 bp, i.e. an increase of +€0.6 billion (excluding foreign exchange impact of €+2.8 billion), of which -€4 billion in the Large Customers business line and an increase of +€2.5 billion in Retail Banking and +€2.3 billion in the SFS business line (see below).

The phased-in **leverage ratio** was 3.6% at end-June 2022, down -0.6 percentage points compared to end March 2022 notably linked to the end of the ECB exposures exclusions, and above the 3% requirement.

The phased-in **Tier 1 ratio** stood at 13.0% and the phased-in total ratio was 17.5% this quarter.

Risk weighted assets amounted to €370 billion at end June 2022, down -€15.4 billion (-4%) compared to end March 2022, including a foreign exchange impact of €2.8 billion. Activity in the businesses had a positive impact on RWAs of +€0.6 billion (excluding the foreign exchange impact). The risk weighted assets of the Large customers were down compared to end March 2022 (-€4 billion excluding foreign exchange impact) whereas the contribution of the Retail banking business line was up by +€2.5 billion and the SFS business line by €2.3 billion. The equity-accounted value of insurance had a downward impact on risk weighted assets in the amount of -€17.9 billion. It includes the payment of an exceptional dividend of €2 billion from Crédit Agricole Assurances to Crédit Agricole SA on 24 June 2022 during second quarter 2022, in addition to the payment of the balance of the 2022 dividend for €0.7 billion, and Crédit Agricole Assurance's income for €0.4 billion (overall impact on risk weighted assets of -€8.7 billion) In addition, unfavourable developments in OCI reserves impacted risk weighted assets by -€9.3 billion. The item "M&A and others" had an impact on risk weighted assets of +€1.8 billion, mainly due to the impact of the disposal of CA Serbia on 1 April 2022 for -€0.8 billion.

[43] Countercyclical buffer of 2 bp at 30 June 2022, expected to be 33 bp at 30 June 2023 for Crédit Agricole S.A. based on information known to date, in particular the increase in the French countercyclical buffer rate to 0.50% which comes into force in April 2023.

[44] Numerator impact of -€2.5bn compensated by a RWA impact of -€9.3bn

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 marketplace. 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 €53 billion at end-June 2022. Similarly, €103 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 – for an amount totalling €191 billion at end-June 2022 – relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by Corporate and Investment banking (CIB) and are included in the "Customer-related trading assets" section.

Note that deposits centralised with Caisse des Dépôts et Consignations are not netted in order to build the cash balance sheet; the amount of centralised deposits (€76 billion at end-June 2022) 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 "Medium long-term market funds", are reclassified as "Customer-related funds".

Note that for Central Bank refinancing transactions, outstandings related to the T-LTRO (Targeted Longer-Term Refinancing Operations) are included in "Long-term market funds". In fact, T-LTRO 3 transactions are similar to long-term secured refinancing transactions, identical from a liquidity risk standpoint to a secured issue.

Medium to 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.

Standing at €1,675 billion at 30 June 2022, the Group's banking cash balance sheet shows **a surplus of stable funding resources over stable application of funds of €268 billion**, down €18 billion compared to end-March 2022 and down €24 billion compared to end-June 2021 due to the credit growth momentum observed in the quarter. The Group's commercial activity was very dynamic during the quarter, with a €24 billion increase in loans.

In addition, total T-LTRO 3 outstandings for the Crédit Agricole Group amounts to €162 billion[45] at 30 June 2022. It should be noted that the interest rate applicable to the refinancing rate of these operations is accrued over the drawdown period. The special interest rate is accrued over the related special interest rate period. The special interest rate applicable to the refinancing rate for these operations for the second period (June 2021 to June 2022) was taken into account in Q2 2022 for all drawdowns.

[45] *Excluding FCA Bank*

It should be noted, with regard to the position in stable resources, that internal management excludes the temporary surplus of stable resources provided by the increase in T-LTRO 3 oustandings in order to secure the Medium-Term Plan's target of more than €100 billion to €130 billion, regardless of the future repayment strategy.

Furthermore, given the excess liquidity, the Group remained in a short-term lending position at 30 June 2022 (central bank deposits exceeding the amount of short-term net debt).

Medium-to-long-term market resources amounted to €350 billion at 30 June 2022, stable compared to end March 2022, and up €2 billion compared to end-June 2021.

They included senior secured debt of €224 billion, senior preferred debt of €76 billion, senior non-preferred debt of €29 billion and Tier 2 securities amounting to €21 billion.

At 30 June 2022, the Group's liquidity reserves, at market value and after haircuts, amounted to €468 billion, down €4 billion from end-March 2022 and up €5 billion from end-June 2021. They covered short-term net debt more than three times over (excluding the replacements with Central Banks).

The high level of central bank deposits was the result of the replacement of significant excess liquidity: they amounted to €240 billion at 30 June 2022 (excluding cash and mandatory reserves), down €1 billion compared to end-March 2022 and up €14 billion compared to end-June 2021.

Crédit Agricole Group also continued its efforts to maintain immediately available reserves (after recourse to ECB financing). Central bank eligible non-HQLA assets after haircuts amounted to €105 billion.

Credit institutions are subject to a threshold for the LCR ratio, set at 100% on 1 January 2018.

Average year-on-year LCR ratios at 30 June 2022 were respectively 169.3% for Crédit Agricole Group and 149.3% for Crédit Agricole S.A. They exceeded the Medium-Term Plan target of around 110%.

In the context of the COVID-19 health crisis, the increase in the level of LCR ratios of Crédit Agricole Group and Crédit Agricole S.A. was in line with the recourse of the Group to T-LTRO 3 drawings from the central bank.

In addition, **the NSFR of Crédit Agricole Group and Crédit Agricole S.A. exceeded 100%**, in accordance with the regulatory requirement applicable since 28 June 2021 and in line with the MTP target of >100%.

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 end June, the Group's main issuers raised the equivalent of €26.0 billion[46] in medium-to-long-term debt on the markets, 47% of which was issued by Crédit Agricole S.A.

In addition, €3.5 billion was also borrowed from national and supranational organisations or placed in the Group's Retail banking networks (Regional Banks, LCL, CA Italia) and other external retail networks.

[46] *Gross amount before buy-backs and amortisations, excl. AT1 issuances*

At end June, Crédit Agricole S.A. thus completed 93% of its €13 billion medium- to long-term market funding programme[47] for 2022. Funding in diverse formats (Senior secured, Senior preferred, Senior non-preferred and Tier 2) and currencies (EUR, USD, AUD, CHF, NOK, SGD, HKD)**.**

The bank raised the equivalent of €12.1 billion[48], of which €3.4 billion in senior non-preferred debt and €0.2 billion in Tier 2 debt, as well as €3.5 billion in senior preferred debt and €5.0 billion in senior secured debt.

Note that on 5 January 2022, Crédit Agricole S.A. issued a perpetual NC7.7 year AT1 bond for USD1.25 billion at an initial rate of 4.75% (not included in the refinancing plan).

[47] *Excl. AT1 issuances*

[48] *Gross amount before buy-backs and amortisations, excl. AT1 issuances*

ECONOMIC AND FINANCIAL ENVIRONMENT

First half

After a fall in world GDP of 3% in 2020, which had not been seen for at least forty years, 2021 saw an equally unprecedented rebound in activity of more than 6%, with +5.7% in the United States, +5.3% in the euro zone and even +6.8% in France and +6.6% in Italy. 2022 was to be the year of “normalisation”, with growth promising to remain vigorous (+4.2% forecast in January 2022 by the IMF for world growth).

However, rising inflation had become the main concern. Commodity prices have been rising. Consumer demand, which was gradually freed from health constraints and stimulated by dedicated plans (especially in the United States), rebounded sharply, whereas supply, which had been severely disrupted by the pandemic, struggled to meet it. As a result, to everyone’s surprise, inflation figures continued to increase: in the United States it reached levels not seen for forty years (+7.5% year-on-year in January) and the euro zone had never seen such a rise in prices (5.1%). Nevertheless, by early 2022, a gradual adjustment of supply to demand and a rapid return of inflation to levels closer to central bank targets could be expected.

However, Russia’s war against Ukraine, which began on 24 February, was another powerful shock to the global environment. After four months of this conflict, its military outcome is far from being determined, and we already know that its economic and geopolitical consequences will be major and lasting.

Several rounds of sanctions against Russia were quickly implemented, but beyond that, the war is leading to physical cuts in production, trade links and exports in Ukraine. The blocking of the Black Sea is having a major impact on all Russian exports, as well as those from Central Asia. The disruption to global economy since then has therefore been very severe. Europe has been hit the hardest.

Although Russia and Ukraine have a low overall weight in the world economy (3.5% of world GDP in purchasing power parity) and international trade, the two countries are nonetheless decisive players in essential products such as gas, oil, wheat, fertilisers or metals that are essential to certain industrial sectors (aluminium, nickel and palladium in particular). Some sectors and countries are highly dependent on these imports: almost a quarter of refined crude oil and a third of natural gas consumed in the European Union comes from Russia (2019). Russia accounts for 38% of oil and 49% of gas imported by Germany. It provides 40% of natural gas consumed by Italy, which produces 43% of its electricity using natural gas. Russia accounts for only 1.1% of French exports and 1.5% of its imports. These are highly concentrated in hydrocarbons (43%, especially natural gas) and refining and coking products (35%). Russia is only the second-largest supplier of gas to France (20% of the total) after Norway (40%), and gas constitutes a very limited part of the French energy mix.

War’s first was on the price of commodities and energy. The price of Brent rose above $130 per barrel at the beginning of March and ended the first half of the year at around $120, an increase of 55% since the beginning of the year. The price of natural gas, which was very volatile in first half 2022, almost doubled between the end of 2021 and end June 2022, while prices were already accelerating rapidly in second half 2021. Wheat prices were also very choppy ending the half year at $8.80 a bushel (after going as high as $12 in March), a gain of 13% over six months and 34% year-on-year. As a corollary, inflation continued to accelerate during the half year. In June, it reached 8.6% year-on-year in the euro zone and 9.1% in the United States. In France, consumer prices rose by 5.8% (Insee) year-on-year, the highest inflation since 1985.

War also translated into a significant decline in the confidence of customers per type. For example, in France, the household confidence indicator fell from 103 in June 2021 to 82 in June 2022, a level equivalent to the historical lows of mid-2008 (81) and mid-2013 (79). The business climate index has also fallen but remains at 104 (113 in June 2021), above the long-term average (100) and still buoyed by the post-Covid momentum.

Accordingly, the immediate effects of the Russian-Ukrainian war are being spread through three main channels: confidence, by constituting a source of great uncertainty; supply, by introducing shortages of inputs leading to production difficulties; and demand, by fuelling inflation, which reduces the purchasing power of households and weighs on the costs of businesses.

Depending on the degree of remoteness and post-pandemic dependence and robustness, countries are very differently affected by this new shock. However, none of them are immune to the acceleration of inflation, which was already high.

In addition, the period was marked by several drastic confinements in major cities in China. This has contributed to disruptions in global supply chains and fuelled inflation. As a result, the Chinese economy has slowed considerably: after 4.8% year-on-year in the first quarter, growth decelerated sharply in the second quarter (+0.4%), well below expectations.

US activity remained buoyant despite GDP unexpected contraction in the first quarter, by 1.5% (/Q4 2021) at an annualised rate. This decline is explained by destocking effects and the widening of external deficit, whereas domestic demand (consumption and productive investment) accelerated. Meanwhile, the labour market remains tight with an unemployment rate of 3.6%.

Within the euro zone, GDP had generally returned to its pre-Covid level (Q4-2019) by Q3-2021, as it did in France. In Italy, the gap almost closed in Q4-2021, whereas it was still -1.1% in Germany and -3.8% in Spain. Euro zone activity in Q1-2022 grew moderately (+0.6% Q2/Q1 but around +0.2% without Irish statistical effects), held back by the Omicron wave at the beginning of the year and the first effects of the sharp rise in inflation and the war in Ukraine. Momentum varies from one country to another. However, the labour market has weathered the health crisis well and the unemployment rate reached 7% in Q1-2022, compared to 7.7% in Q4-2019.

In France, in first quarter 2022, GDP contracted slightly (-0.2% /Q4 2021) due to a decline in domestic demand. Penalised by health restrictions and a decline in purchasing power due to rising inflation, household consumption fell by 1.5% in Q1. In Q2, GDP is nevertheless expected to increase slightly, thanks to stronger activity in services.

In Italy, despite an adverse economic environment, growth persisted in the first quarter. GDP grew by 0.1% (/Q4-2021), mainly driven by investment, while consumption declined, penalised by high inflation. Accelerating inflation supply difficulties, together with deteriorating economic confidence among customer types, are all expected to lead to a slight decline in GDP in Q2.

With inflation soaring and the macroeconomic outlook clouded by war, especially in Europe, the task of central banks has been made all the more complex. Nevertheless, the fight against inflation became the central concern and led to a rapid acceleration of the normalisation of monetary policies. The primary objective now is to prevent inflation expectations from getting out of control and therewith prevent a deleterious inflationary spiral.

Since its abrupt hawkish reversal at the end of 2021, the Fed has only hardened its stance as inflation has consistently and surprisingly risen during first half 2022. This resulted in the first 75 basis point (bp) increase in policy rates since 1994 at the June 2022 FOMC, following a 25 bp increase in March and a 50 bp increase in May. At the same time, the Fed has begun to normalise its balance sheet, reducing it by $47.5 billion per month since June, a rate that will be doubled in September.

The ECB's monetary policy tightening horizon also rapidly approached as the period progressed. At end June, the ECB stopped the net purchases of the emergency programme (PEPP) in March and announced the end of net purchases under the APP in early July.

Under the influence of surging inflation, which is prompting more aggressive monetary tightening, market interest rates have risen sharply and become more volatile. The US yield curve at the end of June was flat, with both the two-year and ten-year yields at 3%, up 229 and 152 bps respectively over the six-month period. German two-year rates have gained 119 bps since the end of 2021, reaching 0.5% by 30 June, after being negative for seven years, and the ten-year rate has gained 155 bps to reach 1.4% (after two and a half years below zero). The ten-year OAT, which was at 2% at the end of June, increased by 176 bps and the ten-year BTP by 221 bps (3.4%), bringing the spreads against the Bund to 58 and 202 bps respectively.

Against this backdrop, the euro lost 8% of its value against the dollar, penalised by the mismatch in interest rates and monetary policies and by an economic outlook in Europe that was further clouded by the war in Ukraine.

Finally, on the equity markets, after some resistance at the beginning of the war, fears of a sudden slowdown in the economy, or even a recession, grew throughout the period. This resulted in significant declines in stock market indexes: after historic highs at the beginning of January (over 7,300 for the CAC 40), the S&P 500 will have lost 20.6% and the CAC 40 17.2% over the first half of 2022. The Euro Stoxx 50 fell by the same amount (-19.6%).

Outlook

Although the military situation in Ukraine remains highly uncertain, the scenario is based on the assumption of a lasting conflict, with extremely high-risk.

Economies are confronted with supply and demand shocks which are themselves the result of a powerful upstream inflation shock or even shortages of commodities or essential inputs because, in addition to the war, Covid is still rampant and the collateral damage of China's "zero-Covid" strategy is obvious. Inflation is therefore likely to remain persistently high and weighs heavily on the outlook. Average inflation is expected to reach 8.3% in the United States and 8% in the euro zone in 2022 and remain well above the Fed's or ECB's 2% target at 4.7% and 5.4%, respectively, in 2023.

Far from the epicentre of the conflict, and still buoyed by the over-stimulation of its anti-Covid strategy, the United States is expected to show some resilience in 2022. Growth is expected to continue at an above-trend pace (2.6% on average) this year. The financial position of households is healthy, with savings still abundant. Concentrated at the lower end of the income spectrum, strong wage increases fuelled by labour market tensions are also partially cushioning the rise in prices. However, support factors are dissipating and risks are mounting. Their effects should materialise in 2023, leading to a marked slowdown: growth would remain positive but, at 1.5%, would fall below its potential rate.

In the euro zone, strong private sector fundamentals and the post-Omicron rebound are no match for the damage caused by the war. The reduction in gas deliveries and the embargo on Russian oil and coal constitute a significant but still contained and localised negative supply shock. Depending on the substitution options and the more or less critical role of gas in production processes, sectors and countries are variously affected. While the response of wages to rising inflation is assumed to be moderate, government measures to support households and additional support from the savings surplus accumulated with the crisis do not fully compensate for the loss of purchasing power, which is reflected in a sharp slowdown in household consumption. Supported by a high growth rate, growth remains good over the year (2.5%), but the quarterly rate is on average barely above zero. With inflation moderating, growth will rebound modestly in the second half of 2023 to reach 1.1% on average for 2023 but will suffer from production limitations in some sectors. The probability of the risk scenario, a total cut in Russian gas supplies, the impact of which could cost almost 2 points of growth, is nevertheless high.

In France, the continued recovery of service activities in the second half of the year should enable growth to reach 2.4% on average in 2022. Despite the implementation of the price shield and the forthcoming purchasing power law, and even if the labour market remains dynamic, household purchasing power is expected to decline in 2022, while inflation is expected to reach 6% (HICP) on average over the year before gradually slowing down in 2023 to 4.8% (HICP). This would weigh on household consumption, which would, however, continue to grow in 2023 with the slowdown in inflation and a normalisation of activity in certain sectors such as automobiles. Business investment will be especially dynamic in 2021 and continue to be supported by the stimulus package, especially in certain industrial sectors, although the likely pressure on margins and the rise in interest rates should cause some businesses to postpone their investments. Overall, growth is expected to be 1.3% in 2023. The labour market remains strong despite a slowdown in job creation after an exceptional year in 2021. A slight increase in the unemployment rate in 2023 is not impossible.

In Italy, the outlook for the second half of 2022 remains negative. The desire expressed by European countries to limit their dependence on Russian gas is likely to lead to further price pressures. In addition, the greater use of liquefied natural gas to replenish strategic stocks would also fuel energy product inflation, which will be passed on to other categories of goods. The room for manoeuvre for fiscal policy to limit the negative effects of inflation will be further constrained by political uncertainties and a context of rising interest rates, which is likely to worsen the financing conditions of households and businesses. Finally, the stalemate in the Ukraine conflict also offers little prospect of a rapid recovery in confidence. The Italian economy is still expected to grow by 2.5% in 2022, but by only 0.8% in 2023, when these difficulties fully materialise.

In emerging countries, the risk of stagflation looms large. Countries face an acute growth/inflation dilemma with little (or no) means to resolve it, and the tightening of global financial conditions is a real challenge. The emerging countries are therefore entering a dangerous phase that threatens the most fragile, fiscally and/or financially but also socially. As always, they are entering it in no particular order. The most severely affected area is obviously Central Europe, while at the other end of the spectrum, the Gulf countries are benefiting from their energy rents. As regards China, growth is not expected to exceed 4%. The second half of the year will be marked by the celebrations of the 20th Congress of the Chinese Communist Party, before which there is little chance of the authorities easing up on health measures. In this context, only public demand – and possibly external demand – can drive growth.

As inflation accelerated and spread, but also as there was a risk of it becoming more entrenched, the rhetoric and then the actions of central banks hardened.

The United States is naturally ahead of the curve on monetary tightening and a further round of rapid increases totalling 200 bps is expected, bringing the Fed Funds target rate to 3.50%-3.75% by the end of 2022. Despite the focus on inflation, the anticipated slowdown in the economy could cause the Fed to be cautious and pause next year, and the Fed Funds rate would stabilise in 2023. In addition, the Fed's balance sheet normalisation will continue as announced.

In the euro zone, the ECB initiated a tightening cycle in July: after the end of the PEPP in March, net purchases under the APP came to a halt at the beginning of July and the ECB carried out an initial increase in its three key rates, which was larger than announced, by 50 bp, bringing the deposit rate to 0%, the refinancing rate to 0.50% and the marginal lending rate to 0.75%. The ECB's clear focus on inflation should result in several more rate hikes between now and March 2023 (bringing the deposit rate to around 1.5%). It would then stabilise them in the face of clear signs of economic slowdown, which will lead it to greater pragmatism. At the same time, TLTRO redemptions during 2023 are expected to accentuate the restrictive stance of monetary policy through quantitative tightening (reduction of excess liquidity and return of collateral from the ECB to banks and then to investors).

The upward movement in market interest rates in the first half of the year is set to continue. In the euro zone, it is coupled with pressures on sovereign risk premiums, which are a point of vigilance for the ECB with regard to the effectiveness of the transmission of its monetary policy within the euro zone. The 10-year Bund would reach 2.5% at the end of 2022 and then fall to 2.1% at the end of 2023. Spreads should widen to 70 bps for the OAT and 250 bps for the Italian BTP at the end of 2023. Developments in monetary policy and interest rates are refocusing the markets' attention on public debt trajectories, which is contributing to the widening of spreads and could bring back the risk of financial fragmentation. In this respect, at its meeting on 21 July, the ECB specified the contours of the "anti-fragmentation" programme announced in June, with, in addition to the flexibility it is allowing itself in the reinvestments of the PEPP, the new Transmission Protection Instrument (TPI), which will consist of purchases of debt securities issued by the public sector. However, the trigger criteria for this tool are not known and it will have to convince the markets, at a time when a political crisis has opened up in Italy, to ensure that the widening of spreads remains contained.

In the United States, the aggressive rise in key rates should result in a ten-year Treasury rate close to 3.4% in Q3 before falling back to 3% at the end of 2022 and 2.8% at the end of 2023, as the yield curve is inverted over the period.

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

Groupe Crédit Agricole – Specific Items, Q2-22 et Q2-21, H1-22 and H1-21

€m	Q2-22		Q2-21		H1-22		H1-21	
	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income
DVA (LC)	22	16	(7)	(6)	(9)	(6)	1	1
Loan portfolio hedges (LC)	57	42	(8)	(6)	74	55	(16)	(11)
Home Purchase Savings Plans (LCL)	29	21	2	2	34	26	(10)	(7)
Home Purchase Savings Plans (CC)	35	26	4	3	53	39	0	0
Home Purchase Savings Plans (RB)	342	254	19	13	412	306	1	0
Ongoing sale project NBI (WM)	-	-	(1)	(1)	-	-	(1)	(1)
Total impact on revenues	**485**	**360**	**9**	**6**	**564**	**418**	**(25)**	**(18)**
Creval integration costs (IRB)	(22)	(13)	-	-	(30)	(18)	-	-
Lyxor integration costs (AG)	(40)	(21)	-	-	(51)	(26)	-	-
S3 / Kas Bank integration costs (LC)	-	-	-	-	-	-	(4)	(2)
Transformation costs (LC)	-	-	(16)	(8)	-	-	(16)	(8)
Transformation costs (FRB)	-	-	(13)	(9)	-	-	(13)	(9)
Ongoing sale project Expenses (WM)	-	-	(2)	(2)	-	-	(2)	(2)
Reclassification of held-for-sale operations - Costs (IRB)	-	-	-	-	(0)	(0)	-	-
Total impact on operating expenses	**(63)**	**(34)**	**(32)**	**(19)**	**(81)**	**(44)**	**(36)**	**(21)**
Restatement SRF 2016-2020 (CR)	-	-	-	-	-	-	55	55
Restatement SRF 2016-2020 (CC)	-	-	-	-	-	-	130	130
Total impact on SRF	**-**	**-**	**-**	**-**	**-**	**-**	**185**	**185**
Creval - Cost of Risk stage 1 (IRB)	-	-	(25)	(21)	-	-	(25)	(21)
Provision for own equity risk Ukraine (IRB)	-	-	-	-	(195)	(195)	-	-
Total impact on cost of credit risk	**-**	**-**	**(25)**	**(21)**	**(195)**	**(195)**	**(25)**	**(21)**
"Affrancamento" gain (SFS)	-	-	5	5	-	-	5	5
Total impact equity-accounted entities	**-**	**-**	**5**	**5**	**-**	**-**	**5**	**5**
Creval acquisition costs (IRB)	-	-	(16)	(9)	-	-	(16)	(9)
Total impact on Net income on other assets	**-**	**-**	**(16)**	**(9)**	**-**	**-**	**(16)**	**(9)**
Badwill Creval (IRB)	-	-	378	321	-	-	378	321
Total impact on change of value of goodwill	**-**	**-**	**378**	**321**	**-**	**-**	**378**	**321**
"Affrancamento" gain (IRB)	-	-	38	32	-	-	38	32
"Affrancamento" gain (AG)	-	-	114	80	-	-	114	80
Total impact on tax	**-**	**-**	**152**	**111**	**-**	**-**	**152**	**111**
Reclassification of held-for-sale operations (IRB)	(3)	(3)	-	-	(7)	(10)	-	-
Ongoing sale project (WM)	-	-	10	10	-	-	5	5
Total impact on Net income from discounted or held-for-sale operations	**(3)**	**(3)**	**10**	**10**	**(7)**	**(10)**	**5**	**5**
Total impact of specific items	**419**	**322**	**481**	**403**	**281**	**169**	**623**	**557**
Asset gathering	**(40)**	**(21)**	**121**	**87**	**(51)**	**(26)**	**116**	**82**
French Retail banking	**371**	**275**	**8**	**5**	**446**	**331**	**32**	**39**
International Retail banking	**(25)**	**(16)**	**375**	**322**	**(232)**	**(223)**	**375**	**322**
Specialised financial services	**-**	**-**	**5**	**5**	**-**	**-**	**5**	**5**
Large customers	**79**	**59**	**(32)**	**(20)**	**65**	**48**	**(35)**	**(21)**
Corporate centre	**35**	**26**	**4**	**3**	**53**	**39**	**130**	**130**

Crédit Agricole S.A. – Specific Items Q2-22 et Q2-21, H1-22 and H1-21

	Q2-22		Q2-21		H1-22		H1-21	
€m	Gross impact *	Impact on Net income	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income	Gross impact*	Impact on Net income
DVA (LC)	22	16	(7)	(5)	(9)	(6)	1	1
Loan portfolio hedges (LC)	57	41	(8)	(6)	74	53	(16)	(11)
Home Purchase Savings Plans (FRB)	29	20	2	1	34	24	(10)	(7)
Home Purchase Savings Plans (CC)	35	26	4	3	53	39	0	0
Reclassification of held-for-sale operations - NBI (IRB)	-	-	-	-	0	0	-	-
Total impact on revenues	**143**	**104**	**(10)**	**(7)**	**152**	**111**	**(25)**	**(18)**
S3 / Kas Bank integration costs (LC)	-	-	-	-	-	-	(4)	(2)
Transformation costs (LC)	-	-	(16)	(8)	-	-	(16)	(8)
Transformation costs (FRB)	-	-	(13)	(9)	-	-	(13)	(9)
Ongoing sale project Expenses (WM)	-	-	(2)	(2)	-	-	(2)	(2)
Creval integration costs (IRB)	(22)	(12)	-	-	(30)	(16)	-	-
Lyxor integration costs (AG)	(40)	(21)	-		(51)	(26)		
Total impact on operating expenses	**(63)**	**(32)**	**(32)**	**(19)**	**(81)**	**(42)**	**(36)**	**(21)**
Restatement SRF2016-2020	-	-	-	-	-	-	130	130
Total impact on SRF	**-**	**-**	**-**	**-**	**-**	**-**	**130**	**130**
Creval - Cost of Risk stage 1 (IRB)	-	-	(25)	(19)	-	-	(25)	(19)
Provision for own equity risk Ukraine (IRB)	-	-	-	-	(195)	(195)	-	-
Total impact on cost of credit risk	**-**	**-**	**(25)**	**(19)**	**(195)**	**(195)**	**(25)**	**(19)**
"Affrancamento" gain (SFS)	-	-	5	5	-	-	5	5
Total impact equity-accounted entities	**-**	**-**	**5**	**5**	**-**	**-**	**5**	**5**
Creval acquisition costs (IRB)	-		(16)	(8)	-	-	(16)	(8)
Total impact Gains ou pertes sur autres actifs	**-**	**-**	**(16)**	**(8)**	**-**	**-**	**(16)**	**(8)**
Badwill Creval (IRB)	-	-	378	285	-	-	378	285
Total impact on change of value of goodwill	**-**	**-**	**378**	**285**	**-**	**-**	**378**	**285**
"Affrancamento" gain (IRB)	-	-	38	28	-	-	38	28
"Affrancamento" gain (AG)	-	-	114	78	-	-	114	78
Total impact on tax	**-**	**-**	**152**	**106**	**-**	**-**	**152**	**106**
Reclassification of held-for-sale operations (IRB)	(3)	(3)	-	-	(7)	(10)	-	-
Ongoing sale project (WM)	-	-	10	10	-	-	5	5
Total impact on Net income from discounted or held-for-sale operations	**(3)**	**(3)**	**10**	**10**	**(6.7)**	**(10.3)**	**5**	**5**
Total impact of specific items	**77**	**68**	**462**	**353**	**(131)**	**(136)**	**568**	**466**
Asset gathering	**(40)**	**(21)**	**121**	**85**	**(51)**	**(26)**	**116**	**80**
French Retail banking	**29**	**20**	**(11)**	**(8)**	**34**	**24**	**(23)**	**(16)**
International Retail banking	**(25)**	**(15)**	**375**	**287**	**(232)**	**(221)**	**375**	**287**
Specialised financial services	**-**	**-**	**5**	**5**	**-**	**-**	**5**	**5**
Large customers	**79**	**57**	**(32)**	**(20)**	**65**	**47**	**(35)**	**(21)**
Corporate centre	**35**	**26**	**4**	**3**	**53**	**39**	**130**	**130**

Appendix 2 – Credit Agricole Group: results by business lines

Groupe Crédit Agricole – Results by business line Q2-22 and Q2-21

	Q2-22 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**3,745**	**1,010**	**830**	**1,660**	**685**	**1,970**	**222**	**10,121**
Operating expenses excl. SRF	(2,359)	(572)	(517)	(847)	(360)	(959)	(272)	(5,886)
SRF	3	(3)	(8)	0	1	(1)	(0)	(8)
Gross operating income	**1,388**	**435**	**305**	**813**	**326**	**1,010**	**(51)**	**4,227**
Cost of risk	(411)	(43)	(118)	(4)	(112)	76	(3)	(615)
Equity-accounted entities	1	-	0	21	78	3	0	103
Net income on other assets	11	5	6	2	(2)	(1)	0	22
Income before tax	**988**	**397**	**194**	**832**	**290**	**1,088**	**(54)**	**3,736**
Tax	(215)	(94)	(55)	(177)	(60)	(204)	(3)	(808)
Net income from discont'd or held-for-sale ope.	-	-	11	7	1	-	0	19
Net income	**773**	**303**	**149**	**662**	**231**	**884**	**(57)**	**2,947**
Non controlling interests	(0)	(2)	(27)	(91)	(30)	(27)	(1)	(178)
Net income Group Share	**773**	**301**	**123**	**572**	**201**	**858**	**(57)**	**2,769**

	Q2-21 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**3,472**	**929**	**1,765**	**818**	**658**	**1,561**	**100**	**9,304**
Operating expenses excl. SRF	(2,236)	(569)	(751)	(495)	(327)	(917)	(241)	(5,536)
SRF	(1)	(0)	0	(12)	1	(0)	0	(12)
Gross operating income	**1,235**	**360**	**1,014**	**311**	**332**	**644**	**(140)**	**3,756**
Cost of risk	(186)	(43)	(18)	(123)	(134)	41	(6)	(470)
Equity-accounted entities	(12)	-	21	0	87	2	-	98
Net income on other assets	2	1	(1)	(16)	12	(37)	3	(35)
Income before tax	**1,041**	**318**	**1,015**	**550**	**298**	**649**	**(143)**	**3,728**
Tax	(287)	(86)	(121)	(21)	(59)	(154)	47	(681)
Net income from discont'd or held-for-sale ope.	-	-	10	0	1	-	-	11
Net income	**755**	**232**	**904**	**529**	**239**	**496**	**(96)**	**3,058**
Non controlling interests	(0)	(0)	(157)	(88)	(28)	(13)	(1)	(287)
Net income Group Share	**754**	**232**	**747**	**441**	**211**	**483**	**(97)**	**2,770**

Groupe Crédit Agricole – Results by business line H1-22 and H1-21

	H1-22 (stated)							
€m	RB	LCL	IRB	AG	SFS	LC	CC	Total
Revenues	**7,431**	**1,996**	**1,634**	**3,388**	**1,372**	**3,692**	**287**	**19,801**
Operating expenses excl. SRF	(4,685)	(1,168)	(1,018)	(1,724)	(726)	(1,927)	(548)	(11,797)
SRF	(156)	(69)	(38)	(7)	(34)	(442)	(56)	(803)
Gross operating income	**2,591**	**759**	**578**	**1,657**	**612**	**1,323**	**(318)**	**7,202**
Cost of risk	(557)	(104)	(393)	(5)	(237)	(202)	(6)	(1,504)
Equity-accounted entities	5	-	1	41	158	6	-	211
Net income on other assets	24	5	6	3	(2)	(1)	(0)	35
Change in value of goodwill	-	-	-	-	-	-	-	-
Income before tax	**2,063**	**659**	**193**	**1,695**	**532**	**1,127**	**(325)**	**5,944**
Tax	(517)	(175)	(112)	(354)	(114)	(279)	51	(1,502)
Net income from discontinued or held-for-sale operations	-	-	12	6	2	-	0	21
Net income	**1,545**	**484**	**92**	**1,347**	**420**	**847**	**(274)**	**4,463**
Non controlling interests	(1)	(2)	(57)	(206)	(56)	(36)	(4)	(362)
Net income Group Share	**1,545**	**482**	**35**	**1,141**	**364**	**811**	**(278)**	**4,100**

	H1-21 (stated)							
€m	RB	LCL	AG	IRB	SFS	LC	CC	Total
Revenues	**7,008**	**1,822**	**3,348**	**1,529**	**1,302**	**3,225**	**120**	**18,353**
Operating expenses excl. SRF	(4,503)	(1,143)	(1,535)	(924)	(662)	(1,831)	(445)	(11,041)
SRF	(87)	(59)	(7)	(33)	(23)	(328)	58	(479)
Gross operating income	**2,418**	**621**	**1,806**	**572**	**617**	**1,066**	**(267)**	**6,834**
Cost of risk	(339)	(126)	(25)	(222)	(262)	(27)	(6)	(1,007)
Equity-accounted entities	(11)	-	38	0	161	3	-	192
Net income on other assets	12	1	(0)	(14)	12	(37)	3	(23)
Change in value of goodwill	2	-	-	378	-	-	-	379
Income before tax	**2,081**	**496**	**1,819**	**715**	**529**	**1,006**	**(270)**	**6,376**
Tax	(629)	(151)	(300)	(72)	(109)	(220)	79	(1,401)
Net income from discontinued or held-for-sale operations	-	-	5	(1)	1	-	-	5
Net income	**1,452**	**345**	**1,524**	**642**	**421**	**787**	**(191)**	**4,979**
Non controlling interests	(1)	(0)	(267)	(110)	(51)	(23)	(3)	(455)
Net income Group Share	**1,451**	**344**	**1,257**	**532**	**370**	**764**	**(194)**	**4,524**

Appendix 3 – Crédit Agricole S.A.: results by business line

Crédit Agricole S.A. – Results by business line Q2-22 and Q2-21

	Q2-22 (stated)						
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**1,652**	**1,971**	**685**	**1,010**	**812**	**200**	**6,330**
Operating expenses excl. SRF	(847)	(959)	(360)	(572)	(502)	(211)	(3,451)
SRF	0	(1)	1	(3)	(8)	(0)	(11)
Gross operating income	**805**	**1,011**	**326**	**435**	**302**	**(11)**	**2,869**
Cost of risk	(4)	76	(112)	(43)	(117)	(3)	(203)
Equity-accounted entities	21	3	78	-	0	(9)	94
Net income on other assets	2	(1)	(2)	5	6	0	11
Income before tax	**825**	**1,090**	**290**	**397**	**191**	**(23)**	**2,770**
Tax	(175)	(204)	(60)	(94)	(55)	1	(586)
Net income from discontinued or held-for-sale operations	7	-	1	-	11	0	18
Net income	**657**	**885**	**231**	**303**	**147**	**(21)**	**2,202**
Non controlling interests	(93)	(43)	(30)	(12)	(35)	(12)	(226)
Net income Group Share	**563**	**843**	**201**	**291**	**113**	**(34)**	**1,976**

	Q2-21 (stated)						
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**1,764**	**1,561**	**658**	**929**	**801**	**105**	**5,819**
Operating expenses excl. SRF	(751)	(917)	(327)	(569)	(482)	(207)	(3,253)
SRF	0	(0)	1	(0)	(12)	0	(11)
Gross operating income	**1,013**	**644**	**332**	**360**	**307**	**(102)**	**2,554**
Cost of risk	(18)	41	(134)	(43)	(120)	(4)	(279)
Equity-accounted entities	21	2	87	-	0	(9)	101
Net income on other assets	(1)	(37)	12	1	(16)	4	(37)
Income before tax	**1,014**	**649**	**298**	**318**	**549**	**(111)**	**2,717**
Tax	(121)	(153)	(59)	(86)	(21)	44	(397)
Net income from discontinued or held-for-sale operations	10	-	1	-	0	-	11
Net income	**903**	**496**	**239**	**232**	**528**	**(67)**	**2,331**
Non controlling interests	(165)	(23)	(28)	(10)	(132)	(5)	(363)
Net income Group Share	**738**	**473**	**211**	**221**	**396**	**(72)**	**1,968**

Crédit Agricole S.A. – Results by business line, H1-22 and H1-21

	H1-22 (stated)						
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**3,382**	**3,694**	**1,372**	**1,996**	**1,599**	**226**	**12,268**
Operating expenses excl. SRF	(1,724)	(1,927)	(726)	(1,168)	(988)	(436)	(6,969)
SRF	(7)	(442)	(34)	(69)	(38)	(56)	(647)
Gross operating income	**1,650**	**1,325**	**612**	**759**	**572**	**(266)**	**4,653**
Cost of risk	(5)	(202)	(237)	(104)	(390)	(5)	(943)
Equity-accounted entities	41	6	158	-	1	(17)	189
Net income on other assets	3	(1)	(2)	14	6	0	20
Change in value of goodwill	-	-	-	-	-	-	-
Income before tax	**1,689**	**1,128**	**532**	**669**	**189**	**(288)**	**3,919**
Tax	(352)	(280)	(114)	(175)	(112)	55	(978)
Net income from discontinued or held-for-sale operations	6	-	2	-	12	0	20
Net income	**1,343**	**848**	**420**	**493**	**90**	**(233)**	**2,961**
Non controlling interests	(213)	(49)	(56)	(20)	(77)	(18)	(433)
Net income Group Share	**1,130**	**800**	**364**	**473**	**13**	**(252)**	**2,528**

	H1-21 (stated)						
€m	AG	LC	SFS	FRB (LCL)	IRB	CC	Total
Revenues	**3,348**	**3,226**	**1,302**	**1,822**	**1,495**	**119**	**11,312**
Operating expenses excl. SRF	(1,534)	(1,831)	(662)	(1,143)	(897)	(383)	(6,450)
SRF	(7)	(328)	(23)	(59)	(33)	58	(392)
Gross operating income	**1,806**	**1,067**	**617**	**621**	**565**	**(206)**	**4,470**
Cost of risk	(25)	(27)	(262)	(126)	(220)	(3)	(663)
Equity-accounted entities	38	3	161	-	0	(15)	188
Net income on other assets	(0)	(37)	12	1	(13)	4	(34)
Change in value of goodwill	-	-	-	-	378	-	378
Income before tax	**1,819**	**1,007**	**529**	**496**	**709**	**(222)**	**4,339**
Tax	(299)	(219)	(109)	(151)	(71)	75	(775)
Net income from discontinued or held-for-sale operations	5	-	1	-	(1)	-	5
Net income	**1,525**	**788**	**421**	**345**	**637**	**(147)**	**3,569**
Non controlling interests	(279)	(39)	(51)	(15)	(162)	(8)	(555)
Net income Group Share	**1,245**	**749**	**370**	**329**	**475**	**(155)**	**3,014**

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

Crédit Agricole S.A. – Data per share, net book value per share and ROTE

(€m)		Q2-2022	Q2-2021	H1-22	H1-21	∆ Q2/Q2	∆ H1/H1
Net income Group share - stated		1,976	1,968	2,528	3,014	+0.4%	(16.1%)
- Interests on AT1, including issuance costs, before tax		(86)	(79)	(208)	(193)	+8.9%	+7.8%
NIGS attributable to ordinary shares - stated	[A]	1,890	1,889	2,320	2,821	+0.1%	(17.7%)
Average number shares in issue, excluding treasury shares (m)	[B]	3,023	2,971	2,965	2,943	+1.8%	+0.7%
Net earnings per share - stated	**[A]/[B]**	**0.63 €**	**0.64 €**	**0.78 €**	**0.96 €**	**(1.7%)**	**(18.3%)**
Underlying net income Group share (NIGS)		1,908	1,615	2,665	2,548	+18.1%	+4.6%
Underlying NIGS attributable to ordinary shares	[C]	1,822	1,536	2,457	2,355	+18.6%	+4.3%
Net earnings per share - underlying	**[C]/[B]**	**0.60 €**	**0.52 €**	**0.83 €**	**0.80 €**	**+16.5%**	**+3.6%**

(€m)		30/06/22	30/06/21
Shareholder's equity Group share		64,417	65,863
- AT1 issuances		(5,986)	(4,882)
- Unrealised gains and losses on OCI - Group share		2,057	(2,313)
- Payout assumption on annual results*		(1,149)	(1,200)
Net book value (NBV), not revaluated, attributable to ordin. sh.	**[D]**	**59,340**	**57,469**
- Goodwill & intangibles** - Group share		(18,345)	(17,569)
Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.	**[E]**	**40,994**	**39,900**
Total shares in issue, excluding treasury shares (period end, r	[F]	3,022.9	3,076.3
NBV per share , after deduction of dividend to pay (€)	[D]/[F]	19.6 €	18.7 €
+ Dividend to pay (€)	[H]	1.05 €	0.80 €
NBV per share , before deduction of dividend to pay (€)		20.7 €	18.7 €
TNBV per share, after deduction of dividend to pay (€)	[G]=[E]/[F]	13.6 €	13.0 €
TNBV per sh., before deduct. of divid. to pay (€)	[G]+[H]	14.6 €	13.0 €

** dividend proposed to the Board meeting to be paid*
*** including goodwill in the equity-accounted entities*

(€m)		H1-22	H1-21
Net income Group share - stated	[K]	2,528	3,014
Impairment of intangible assets	[L]	0	0
IFRIC	[M]	-682	-568
Stated NIGS annualised	[N] = ([K]-[L]-[M])*2+[M]	5,738	6,595
Interests on AT1, including issuance costs, before tax, annualised	[O]	-416	-386
Stated result adjusted	[P] = [N]+[O]	5,322	6,209
Tangible NBV (TNBV), not revaluated attrib. to ord. sh. - avg***	[J]	40,220	38,872
Stated ROTE adjusted (%)	= [P] / [J]	13.2%	16.0%
Underlying Net income Group share	[Q]	2,665	2,548
Underlying NIGS annualised	[R] = ([Q]-[M])*2+[M]	6,011	5,664
Underlying NIGS adjusted	[S] = [R]+[O]	5,595	5,277
Underlying ROTE adjusted(%)	= [S] / [J]	13.9%	13.6%

Alternative Performance Indicators

NBV Net Book Value not re-evaluated

The Net Book Value not re-evaluated corresponds to the shareholders' equity Group share from which the amount of the AT1 issues, the unrealised gains and/or losses on OCI Group share and the pay-out assumption on annual results have been deducted.

NBV per share Net Book Value per share - NTBV per share Net Tangible Book Value per share

One of the methods for calculating the value of a share. This represents the Net Book Value divided by the number of shares in issue at end of period, excluding treasury shares.

Net Tangible Book Value per share represents the Net Book Value after deduction of intangible assets and goodwill, divided by the number of shares in issue at end of period, excluding treasury shares.

EPS Earnings per Share

This is the net income Group share, from which the AT1 coupon has been deducted, divided by the average number of shares in issue excluding treasury shares. It indicates the portion of profit attributable to each share (not the portion of earnings paid out to each shareholder, which is the dividend). It may decrease, assuming the net income Group share remains unchanged, if the number of shares increases.

Cost/income ratio

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

Cost of risk/outstandings

Calculated by dividing the cost of credit risk (over four quarters on a rolling basis) by outstandings (over an average of the past four quarters, beginning of the period). It can also be calculated by dividing the annualised cost of credit risk for the quarter by outstandings at the beginning of the quarter. Similarly, the cost of risk for the period can be annualised and divided by the average outstandings at the beginning of the period.

Since the first quarter of 2019, the outstandings taken into account are the customer outstandings, before allocations to provisions.

The calculation method for the indicator is specified each time the indicator is used.

Doubtful loan

Defaulting loan. The debtor is considered to be in default when at least one of the following conditions has been met:

- a payment generally more than 90 days past due, unless specific circumstances point to the fact that the delay is due to reasons independent of the debtor's financial situation;
- the entity believes that the debtor is unlikely to settle its credit obligations unless it avails itself of certain measures such as enforcement of collateral security right.

Impaired loan

Loan which has been provisioned due to a risk of non-repayment.

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 to provide resolution authorities with shared instruments and powers to pre-emptively tackle banking crises, preserve financial stability and reduce taxpayers' exposure to losses. Directive (EU) 2019/879 of 20 May 2019 known as "BRRD2" amended the BRRD and was transposed into French law by Order 2020-1636 of 21 December 2020.

The MREL ratio corresponds to an own funds and eligible liabilities buffer required to absorb losses in the event of resolution. Under BRRD2, the MREL ratio is calculated as the amount of eligible capital and liabilities expressed as a percentage of risk weighted assets (RWA), as well as a leverage ratio exposure (LRE). Eligible for the numerator of the total MREL ratio are the Group's regulatory capital, as well as eligible liabilities issued by the central body and the Crédit Agricole network affiliated entities, i.e. subordinated notes, senior non-preferred debt instruments and certain senior preferred debt instruments with residual maturities of more than one year.

Impaired (or doubtful) loan coverage ratio:

This ratio divides the outstanding provisions by the impaired gross customer outstandings.

Impaired (or doubtful) loan ratio:

This ratio divides the gross customer outstandings depreciated on an individual basis, before provisions, by the total gross customer outstandings.

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.

Net income Group share

Net income/(loss) for the financial year (after corporate income tax). Equal to net income Group share, less the share attributable to non-controlling interests in fully consolidated subsidiaries.

Underlying Net income Group share

The underlying net income Group share represents the stated net income Group share from which specific items have been deducted (i.e. non-recurring or exceptional items).

Net income Group share attributable to ordinary shares

The net income Group share attributable to ordinary shares represents the net income Group share from which the AT1 coupon has been deducted, including issuing costs before tax.

RoTE Return on Tangible Equity

The RoTE (Return on Tangible Equity) measures the return on tangible capital by dividing the Net income Group share annualised by the group's NBV net of intangibles and goodwill. The annualised Net income Group share corresponds to the annualisation of the Net income Group share (Q1x4; H1x2; 9Mx4/3) excluding impairments of intangible assets and restating each period of the IFRIC impacts in order to linearise them over the year.

Disclaimer

The financial information on Crédit Agricole S.A. and Crédit Agricole Group for second quarter and first half 2022 comprises this presentation and the attached appendices and press release which are available on the website: https://www.credit-agricole.com/finance/finance/publications-financieres.

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 Act 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 six-month period ending 30 June 2022 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. 2021 Universal Registration Document and its 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.

At 30 June 2021, following the buyback by Crédit Agricole Consumer Finance of 49% of the share capital of the CACF Bankia S.A. joint venture, CACF Bankia S.A. is fully consolidated in Crédit Agricole S.A.'s consolidated financial statements.

As at 30 June 2021 following the takeover bid launched by Crédit Agricole Italia for Credito Valtellinese, 100% of Credito Valtellinese is held by Crédit Agricole Italia and is fully consolidated in the consolidated financial statements of Crédit Agricole S.A.

At 31 December 2021, Amundi announcement completion of the Lyxor acquisition. Lyxor is fully consolidated in the consolidated financial statements of Crédit Agricole S.A. The transaction had no impact on Crédit Agricole S.A.'s consolidated income at 31 December 2021.

Financial Agenda

10 November 2022	Publication of the 2022 third quarter and first 9 months results
9 February 2023	Publication of the 2022 fourth quarter and full year results
10 May 2023	Publication of the 2023 first quarter results
17 May 2023	Annual General Meeting in Paris
4 August 2023	Publication of the 2023 second quarter and the first half year results
8 November 2023	Publication of the 2023 third quarter and first 9 months results

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