# EXCELLENT PERFORMANCE OF THE UNIVERSAL BANKING MODEL

## CAG AND CASA STATED AND UNDERLYING DATA Q2-2023

| | CRÉDIT AGRICOLE S.A. | | CRÉDIT AGRICOLE GROUP | |
|---|---|---|---|---|
| | Stated | Underlying | Stated | Underlying |
| Revenues | €6,676m<br>+18.8% Q2/Q2 | €6,329m<br>+15.6% Q2/Q2 | €9,546m<br>+7.9% Q2/Q2 | €9,159m<br>+9.5% Q2/Q2 |
| Costs excl. SRF | -€3,218m<br>+3.0% Q2/Q2 | -€3,200m<br>+4.5% Q2/Q2 | -€5,233m<br>+4.8% Q2/Q2 | -€5,215m<br>+5.7% Q2/Q2 |
| Gross Operating Income | €3,461m<br>+39.3% Q2/Q2 | €3,133m<br>+30.3% Q2/Q2 | €4,319m<br>+12.3% Q2/Q2 | €3,950m<br>+15.4% Q2/Q2 |
| Cost of risk | -€534m<br>x2.6 Q2/Q2 | -€450m<br>x2.2 Q2/Q2 | -€938m<br>+52.5% Q2/Q2 | -€854m<br>+38.8% Q2/Q2 |
| Net income Group share | €2,040m<br>+24.7% Q2/Q2 | €1,850m<br>+18.0% Q2/Q2 | €2,481m<br>+2.1% Q2/Q2 | €2,249m<br>+6.7% Q2/Q2 |
| C/I ratio (excl. SRF) | 48.2%<br>-7.4 pp Q2/Q2 | 50.6%<br>-5.3 pp Q2/Q2 | 54.8%<br>-1.6 pp Q2/Q2 | 56.9%<br>-2.0 pp Q2/Q2 |

## QUARTERLY AND HALF-YEAR RESULTS AT AN ALL TIME BEST: CASA REPORTED NET INCOME OF €2,040m IN Q2-23 AND €3,266m IN H1-23.

Underlying figures:

- Revenues at record level, €6,329m Q2-23, +15.6% Q2/Q2 pro-forma IFRS17
  - Revenues driven by dynamic business, notably in Insurance across all business lines, with continued strong net inflows in unit-linked products, Asset Management, Consumer Finance driven by the auto channel (first consolidation of CA Auto Bank), Investment banking with excellent performance in structured finance and financing solutions (repo, primary credit and securitisation).
  - French retail banking impacted by the increase in refinancing costs and the slowdown in loan production
  - CA Italia, IRB excluding Italy, CACEIS and CA Indosuez revenues supported by net interest margin
- Costs excl. SRF +4.5% Q2/Q2 pro-forma IFRS17 (first consolidation of CA Auto Bank)
- Cost/income ratio excl. SRF 52.3% H1-23

## SOLID CAPITAL AND LIQUIDITY POSITIONS

- Crédit Agricole S.A. phased-in CET1 11.6% (340 bps>SREP)
- CAG phased-in CET1 17.6% (840 bps>SREP)

Within the scenario of strict adverse EBA stress tests, and based upon hypotheses radically contradictory to the French retail market, GCA strength does not waver as shown by CET1 2025 ratio, amongst strongest European banks.

- LCR 157.3% and €334bn in liquidity reserves at Crédit Agricole Group level after June-23 TLTRO-3 repayment
- Stock of provisions for performing loans €20.6bn, coverage ratio 83.6% for GCA

## CONTINUED DEVELOPMENT PROJECTS

- Strengthening on Mobility market (start-up of Leasys and CA Auto Bank)
- Integration of European activities of RBC IS by CACEIS completed 03/07/2023
- Signing of an agreement for the acquisition of a majority stake in the capital of Banque Degroof Petercam[1]

## ESG: CRÉDIT AGRICOLE SA RANKED AT TOP OF "DIVERSIFIED BANKS (EUROPE)" CATEGORY

- Crédit Agricole S.A.'s non-financial ratings raised (72/100, +5 pts) by the Moody's Analytics agency

*At the meeting of the Board of Directors of Crédit Agricole S.A. on 3 August 2023, SAS Rue La Boétie informed the company of its intention to purchase Crédit Agricole S.A. shares on the market for a maximum amount of one billion euros in line with the operation announced in November 2022. Details of the transaction are provided in a press release issued today by SAS Rue La Boétie.*

**Dominique Lefebvre,**
Chairman of SAS Rue La Boétie and Chairman of the Crédit Agricole S.A. Board of Directors
*"These excellent results demonstrate the universal banking model's ability to adjust to a less favorable context and its usefulness towards both society and clients.*
*I would like to thank our chairmen, mutual shareholders and employees for their unwavering and daily commitment towards our clients."*

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

*"Being available everywhere, to everyone, at any given time, to cover all possible needs, is what makes the model universal and safe for both clients and banks."*

*This press release comments on the results of Crédit Agricole S.A. and those of Crédit Agricole Group, which comprises the Crédit Agricole S.A. entities and the Crédit Agricole Regional Banks, which own 60.2% of Crédit Agricole S.A. Please refer to the appendices of this press release for details of specific items, which are adjusted for the various indicators to calculate underlying income. All 2022 figures are presented on a pro forma basis under IFRS17.*

[1] *It would have an impact of around -30 bps on Crédit Agricole S.A.'s CET1*

# Crédit Agricole Group

## Group activity

The Group's commercial activity over the quarter was good across all business lines thanks to the customer focused banking model. In the second quarter of 2023, gross customer capture remained high, with 471,000 new retail banking customers, while the customer base grew by 114,000 customers[2]. More specifically, over the quarter, the Group recorded +371,000 new Retail banking customers in France and +100,000 new International retai banking customers (Italy and Poland), and the customer base grew respectively by +69,000 and +45,000 customers.

**Inflows** remained at a good level in the Asset gathering and Large customers division at +€1.1 billion over the quarter**,** driven by positive net inflows in **Asset Management** of +€3.7 billion despite customers' risk aversion in uncertain markets, both in MLT assets and in Treasury, with retail and institutional customers and in the JVs in India and Korea. In **insurance**, net inflows remained positive in France, driven by the success of unit-linked bond insurance, which also boosted the rate of gross inflows into unit-linked products, which remained high at 45.3%. Business also remained buoyant in property and casualty insurance and personal protection, with premium income up by 10.4%[3] and 5.2%[3] respectively compared with the second quarter of 2022. Insurance product **equipment rates** continued to rise year-on-year and at end June 2023 stood at 42.8% for the Regional Banks, 27.4% for LCL and 17.9% for CA Italia[4]

**Corporate and Investment Banking** posted good performance this quarter, especially in structured financing activities (up 20.4% compared with the second quarter of 2022) and good commercial activity in capital markets, particularly in financing solutions (repo, primary credit and securitization).

In **consumer finance**, CACF's production was up 9% compared with the second quarter of 2022, driven by the dynamism of the automotive channel (+30%, due in particular to a good start of the CA Autobank's white label business).

In **retail banking**, **loan production** was down compared with the second quarter of 2022 in a declining market, but the level of outstanding loans continued to rise across all business lines. Housing production was down in France, as monetary policy was tightened (-45.6% for LCL and -23.7% for the Regional Banks), as well as in Italy (-23.5%). At the same time, the rate at which new home loans were granted continued to rise compared with March 2023, both for retail banking in France and in Italy. Retail banking **customer assets** were slightly up from the first quarter of 2023. On-balance sheet deposits (+0.5% compared with March 2023 and +3.5% compared with June 2022) were driven mainly by CA Italia (+2.9%) and the Regional Banks (+0.5%) thanks to corporate maturity transactions.  Quarterly off-balance sheet customer assets, up 0.7%, were positive across all business lines.

---

*[2] Gross customer acquisition for first half 2023 was ~1,026,000 and the customer base was ~267,000.*
*[3] Constant scope excluding La Médicale*
*[4] Change vs. June 2022: +0.5 pp for RBs, +0.5 pp for LCL and +2.3 pp for CA Italia*

# Group results

**In the second quarter of 2023**, Crédit Agricole Group's **stated net income Group share** came to **€2,481 million**, up +2.1% compared to the second quarter of 2022.

**Specific items** for the quarter had a cumulative impact of +€232 million on net income Group share, and comprised non-recurring accounting items totalling +€244 million, mainly the reorganisation of the SFS division's Mobility business[5] (+€140 million) and the reversal of the provision for the Cheque Image Exchange fine provision (+€104 million). Recurring items amounted to -€11 million on net income Group share, and included accounting volatility items under revenues, i.e. the DVA (Debt Valuation Adjustment), the issuer spread portion of the FVA, and secured lending for -€11 million in net income Group share on capital markets and investment banking, and hedging of the Large Customers' loan book for -€1 million in net income Group share.

Excluding these specific items, **Crédit Agricole Group's underlying net income Group share**[6] amounted to **€2,249 million**, up +6.7% compared to second quarter 2022.

## Credit Agricole Group – Stated and underlying results, Q2-23 and Q2-22

| €m | Q2-23 stated | Specific items | Q2-23 underlying | Q2-22 stated | Specific items | Q2-22 underlying | ∆ Q2/Q2 stated | ∆ Q2/Q2 underlying |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **9,546** | **388** | **9,159** | **8,849** | **485** | **8,364** | +7.9% | +9.5% |
| Operating expenses excl.SRF | (5,233) | (18) | (5,215) | (4,996) | (63) | (4,933) | +4.8% | +5.7% |
| SRF | 6 | - | 6 | (8) | - | (8) | n.m. | n.m. |
| **Gross operating income** | **4,319** | **369** | **3,950** | **3,845** | **422** | **3,423** | **+12.3%** | **+15.4%** |
| Cost of risk | (938) | (84) | (854) | (615) | - | (615) | +52.5% | +38.8% |
| Equity-accounted entities | 46 | (12) | 58 | 103 | - | 103 | (55.7%) | (44.0%) |
| Net income on other assets | 33 | 28 | 5 | 22 | - | 22 | +54.7% | (74.6%) |
| Change in value of goodwill | - | - | - | - | - | - | n.m. | n.m. |
| **Income before tax** | **3,460** | **301** | **3,160** | **3,355** | **422** | **2,933** | **+3.1%** | **+7.7%** |
| Tax | (772) | (69) | (704) | (771) | (108) | (664) | +0.1% | +6.0% |
| Net income from discont'd or held-for-sale ope. | 4 | - | 4 | 23 | (3) | 26 | (83.2%) | (85.2%) |
| **Net income** | **2,692** | **232** | **2,460** | **2,607** | **311** | **2,295** | **+3.3%** | **+7.2%** |
| Non controlling interests | (211) | (0) | (211) | (176) | 11 | (187) | +20.1% | +12.9% |
| **Net income Group Share** | **2,481** | **232** | **2,249** | **2,431** | **322** | **2,108** | **+2.1%** | **+6.7%** |
| **Cost/Income ratio excl.SRF (%)** | **54.8%** | | **56.9%** | **56.5%** | | **59.0%** | **-1.6 pp** | **-2.0 pp** |

In the second quarter of 2023, **underlying revenues** totalled €9,159 million, up +9.5% from the second quarter of 2022, driven by the Asset Management and Insurance Services division (+46.4%), which benefited from a rise in insurance revenues (x3.1 and +42% on an IFRS17 basis[7]), the Specialised Financial Services division (+26.1%), which includes the first line-by-line integration of CA Auto Bank, International Retail Banking (+21.0%), with a healthy net interest margin, and Corporate and Investment Banking (+1.6%), which also benefited from a higher net interest margin in institutional financial services, with Investment Banking (BFI) revenues slightly lower

*[5] The reorganisation of the Mobility activities of the CA Consumer Finance Group had a non-recurring impact in Q2 2023 on all intermediate operating totals due to the transfer of business assets, indemnities received and paid, the accounting treatment of the 100% consolidation of CA Auto Bank (formerly FCA Bank) and the reorganisation of the automotive financing activities within the CA Consumer Finance Group (particularly the review of application solutions).*

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

*[7] Q2-22 base effect not taking into account investment management decisions implemented at the end of 2022, i.e. ring-fencing of equity and desensitisation of the portfolio.*

but close to the historical best 2022 Q2; underlying revenues in the French Retail Banking division (-2.9%) fell as a result of higher refinancing costs and resources.

**Underlying operating expenses excluding the Single Resolution Fund (SRF)** rose by +5.7% in the second quarter of 2023, to €5,215 million, mainly due to higher compensation in an inflationary context, support for business development and IT expenses. Overall, the Group's **underlying cost/income ratio excluding SRF** recorded a decrease of -2.0 percentage points to 56.9% in the second quarter of 2023. The **underlying gross operating income** was up +15.4% compared to the second quarter of 2022, reaching €3,950 million.

The **underlying cost of credit risk** declined to -€854 million, an increase of +39% compared with the second quarter of 2022, when it stood at -€615 million. The expense of -€854 million in the second quarter of 2023 breaks down into a provision for performing loans (stages 1 and 2) of -€154 million (vs. €220 million in the second quarter of 2022), a provision of -€697 million for proven risk (stage 3 - vs. €401 million in the second quarter of 2022), this decline is linked to the default of major French banking operations and the increase in proven risk in retail banking and consumer finance, and lastly a provision of -€3 million for other risks. The provisioning levels were determined by taking into account several weighted economic scenarios, as in previous quarters, and by applying adjustments on sensitive portfolios. The weighted economic scenarios for the second quarter were updated, with a favourable scenario (French GDP at +1% in 2023, +2.4% in 2024) and an unfavourable scenario (French GDP at +0.1% in 2023 and -0.1% in 2024). The **cost of credit risk on outstandings[8] over a rolling four-quarter period stood at 25 basis points, which is in line with the 25 basis point assumption of the Medium-Term Plan.** It stands at 29 basis points on a quarterly annualised basis[9].

**Underlying pre-tax income stood at €3,160 million**, a year-on-year increase of +7.7%. The underlying pre-tax income included the contribution from equity-accounted entities for €58 million (down -44.0%, mainly due to the line-by-line consolidation of CA Auto Bank, formerly FCA Bank) and net income on other assets, which came to €5 million this quarter. The underlying **tax charge was up +6.0%** over the period. Underlying net income before non-controlling interests was up +7.2% to €2,460 million. Non-controlling interests rose +12.9%. Lastly, **underlying net income Group share was €2,249 million, +6.7% higher** than in the second quarter of 2022.

*[8] 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 after reintegration of CA Auto Bank outstandings*

*[9] 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 after reintegration of CA Auto Bank outstandings*

## Credit Agricole Group – Stated and underlying results, H1-23 and H1-22

| €m | H1-23 stated | Specific items | H1-23 underlying | H1-22 stated | Specific items | H1-22 underlying | ∆ H1/H1 stated | ∆ H1/H1 underlying |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **18,473** | **356** | **18,117** | **17,730** | **564** | **17,166** | +4.2% | +5.5% |
| Operating expenses excl.SRF | (10,517) | (18) | (10,498) | (10,078) | (81) | (9,997) | +4.4% | +5.0% |
| SRF | (620) | - | (620) | (803) | - | (803) | (22.8%) | (22.8%) |
| **Gross operating income** | **7,337** | **338** | **6,999** | **6,850** | **483** | **6,367** | **+7.1%** | **+9.9%** |
| Cost of risk | (1,486) | (84) | (1,402) | (1,503) | (195) | (1,308) | (1.1%) | +7.1% |
| Equity-accounted entities | 153 | (12) | 165 | 211 | - | 211 | (27.4%) | (21.7%) |
| Net income on other assets | 37 | 28 | 10 | 35 | - | 35 | +8.0% | (72.4%) |
| Change in value of goodwill | - | - | - | - | - | - | n.m. | n.m. |
| **Income before tax** | **6,042** | **269** | **5,773** | **5,592** | **288** | **5,304** | **+8.0%** | **+8.8%** |
| Tax | (1,483) | (60) | (1,422) | (1,474) | (123) | (1,351) | +0.6% | +5.3% |
| Net income from discont'd or held-for-sale ope. | 6 | - | 6 | 25 | (7) | 31 | (76.9%) | (81.8%) |
| **Net income** | **4,565** | **209** | **4,356** | **4,143** | **158** | **3,984** | **+10.2%** | **+9.3%** |
| Non controlling interests | (415) | (0) | (415) | (362) | 11 | (373) | +14.7% | +11.4% |
| **Net income Group Share** | **4,150** | **209** | **3,941** | **3,781** | **169** | **3,612** | **+9.8%** | **+9.1%** |
| **Cost/Income ratio excl.SRF (%)** | **56.9%** | | **57.9%** | **56.8%** | | **58.2%** | **+0.1 pp** | **-0.3 pp** |

Stated net income Group share **in the first half of 2023** amounted to €4,150 million, compared with €3,781 million in the first half of 2022, an increase of +9.8%.

Specific items for the first six months of 2023 include the specific items of the Regional Banks for first half 2023 detailed in the Regional Banks section, and the specific items of Crédit Agricole S.A. detailed in the Crédit Agricole S.A. section.

Excluding these specific items, **underlying net income Group share amounted to €3,941 million**, up +9.1% compared to first half 2022.

**Underlying revenues totalled €18,117 million**, up **+5.5%** in first half 2023 compared with first half 2022. This increase was due to very high revenues across all the business lines in the **Asset Gathering** division, the first line-by-line integration of CA Auto Bank in the **Specialised Financial Services** division, the highest level of revenues in the **Large Customers** division and a higher net interest margin in the **International Retail Banking** division; revenues in the **French Retail Banking** division were down due to the lower interest margin.

Underlying **operating expenses** excluding SRF amounted to -€10,498 million, up +5.0% compared with first half 2022, mainly due to higher compensation in an inflationary environment, support for business development and IT expenditure. The underlying cost/income ratio excluding SRF for first half 2023 was 57.9%, down -0.3 percentage points compared to first half 2022. The SRF totalled -€620 million in 2023, down -22.8% compared to 2022.

Underlying **gross operating income** totalled €6,999 million, up +9.9% compared to first half 2022.

The underlying **cost of risk** for the half-year rose to -€1,402 million (of which -€221 million in cost of risk on performing loans (stage 1 and 2), -€1,162 million in cost of proven risk, and +€19 million in other risks corresponding mainly to reversals of legal provisions), i.e. an increase of +7.1% compared to first half 2022.

As at 30 June 2023, risk indicators confirm **the high quality of Crédit Agricole Group's assets and risk coverage level**. The diversified loan book is mainly geared towards home loans (46% of gross outstandings) and corporates (32% of gross outstandings). Loan loss reserves amounts to €20.6 billion at the end of June 2023 (€10.9 billion for Regional Banks), 42% of which represented provisioning of performing loans (48% for Regional Banks). The loan loss reserves for performing loans have increased at Group level by +€3.3 billion since the fourth quarter of 2019. The prudent management of these loan loss reserves has enabled the Crédit Agricole Group to have one of the best[10] overall coverage ratios for doubtful loans (83.6% at the end of June 2023) among the largest European banks.

**Net income on other assets** stood at €10 million in first half 2023, vs. €35 million in first half 2022. **Underlying pre-tax income before discontinued operations and non-controlling interests** rose by +8.8% to €5,773 million. The tax charge was -€1,422 million, up +5.3%, with an underlying effective tax rate of 25.4%, down -1.2 percentage points compared to first half 2022. Underlying net income before non-controlling interests was therefore up by +11.4%. Non-controlling interests amounted to -€415 million in first half 2023, up +11.4%.

**The underlying net income Group share for first half 2023** thus stood at €3,941 million, up +9.1% compared to first half 2022.

[10] *Analysis based on 30/06 data for Crédit Agricole S.A. and Crédit Agricole Group. Analysis based on 30/06/2023 reporting on customer loans, Stage 3 outstandings and Stage 1, 2 and 3 provisions for Banco Santander, Standard Chartered, Barclays, BNP Paribas, Deutsche Bank, HSBC. Société Générale, BPCE Group and UniCredit.*

# Regional banks

**Regional banks' activity** grew in the second quarter of 2023. **Gross customer capture was up**, with +291,000 new customers over the quarter, while **the customer base grew by** +62,000 new customers over the quarter. The number of **customers using digital tools** increased, with "Ma Banque" application reaching now 8.6 million[11] users and the number of online signatures[12] grew up by +40% between the second quarter of 2022 and the second quarter of 2023. **The strong performance of the offer "Ma Banque Au Quotidien"** for individual customers has led to **an increase and improvement of the card stock** (+2.2% year-on-year, with +13% for Premium cards). In the professional market, the offer "Propulse" has quickly found its place in the range, complementing the offer of a 100% digital solution with management services (in eight months: 8,000 accounts opened strictly online and 15,000 online prospects, with a high satisfaction rate[13]).

**Loan production has declined** this quarter by -19.3% compared to the second quarter of 2022, (-6.8% Q2-23 vs. average 2018-2022). The decline is sharp in home loans (-23.7% compared to the second quarter of 2022), but it remains lower than the market[14]. The home loan production rate is up compared to the first half of 2023, and the average rate for 20-25 year lending reached 3.5%[15] early July 2023. **Loan outstandings** reached €642 billion at end June 2023, up +4.6% compared to the end of June 2022 (+1.0% compared to the end of March 2023) driven by the corporate market (+7.5% compared to the second quarter of 2022).

**Total customer assets** rose by +3.3% year on year to €866 billion at end June 2023. This growth was driven by on-balance sheet deposits, which reached €579 billion at end June 2023, up +2.7% compared to end June 2022 (including +9.9% for passbook accounts and +64.5% for term deposits). Compared with the first quarter of 2023, on-balance sheet deposits rose by 0.5%. Off-balance sheet customer assets reached €287 billion at end June 2023, up +4.6% year-on-year.

**In the second quarter of 2023, Regional banks' stated revenues, including the SAS Rue La Boétie dividend**[16], amounted to €4,950 million, down -5.3% compared to the second quarter of 2022, due to a decline in the intermediation margin of -33,8% (excluding the base effect of home purchase savings plans) and an increase in refinancing costs. There was also a negative base effect on the provision for home purchase savings plans of -€342 million recorded under specific items in the second quarter of 2022. Portfolio revenues were up, benefiting from positive market effects and an increase in dividends received. Fee and commission income was up 2.3%. **Operating expenses** increased +3.6% over the period largely due to the increase in staff costs. **Gross operating income** decreased by -12.5%. **The cost of risk** fell slightly by -1.7% compared to the second quarter of 2022 to -€408 million. **The Regional Banks' net income Group share**, including SAS Rue La Boétie dividend, amounted to €2,037 million in the second quarter of 2023, down -9.2% compared to the second quarter of 2022.

**The Regional banks' contribution to the results of Crédit Agricole Group amounted to €413 million (- 46.2%)** in stated net income Group share in the second quarter of 2023, with revenues of €3,353 million (-10.3%) and a cost of risk of -€405 million (-1.6%).

**In the second quarter of 2023, specific items** had a positive impact of €41 million on revenues (identical impact on net income Group share) and were linked to a reversal of the provision for "cheque image" exchange. **In the second quarter of 2022, specific items** had an impact of €342 million on revenues (€254 million on net income Group share) and corresponded to a reversal of provisions on home purchase savings plans.

**In first half 2023**, **revenues including the dividend from SAS Rue La Boétie** were down (-6.9%) compared to first half 2022. Operating expenses rose by +3.1%, and **gross operating income** consequently fell by -18.8% over the first half. Finally, with a **cost of risk** up +3.4%, **the Regional banks' net income Group share, including SAS Rue La Boétie dividend**, amounted to €2,472 million, down -18.2% compared to 2022 first half.

*11 Number of active profiles on "Ma Banque" corresponding to at least one synchronisation during the month*
*12 Signatures initiated in BAM deposit mode (multi-channel bank access), Mobile customer portal or "Ma Banque" app*
*13 4.8 over 5 on the store*
*14 Home loan production in France down -47% for May 2023 according to the Banque de France*
*15 Average rate for 20-25 year lending +58bp Q1/Q2*
*16 SAS Rue La Boétie dividend paid annually in Q2*

**The Regional banks' contribution to the results of Crédit Agricole Group in first half 2023** amounted to €833 million (-45.9%) in stated net income Group share, with revenues of €6,686 million (-9.9%) and a cost of risk of -€577 million (+3.6%).

# Crédit Agricole S.A.

## Results

Crédit Agricole S.A.'s Board of Directors, chaired by Dominique Lefebvre, met on 3 August 2023 to examine the financial statements for the second quarter of 2023.

### Credit Agricole S.A. – Stated and underlying results, Q2-23 and Q2-22

| €m | Q2-23 stated | Specific items | Q2-23 underlying | Q2-22 stated | Specific items | Q2-22 underlying | ∆ Q2/Q2 stated | ∆ Q2/Q2 underlying |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **6,676** | **346** | **6,329** | **5,619** | **143** | **5,477** | **+18.8%** | **+15.6%** |
| Operating expenses excl.SRF | (3,218) | (18) | (3,200) | (3,123) | (63) | (3,061) | +3.0% | +4.5% |
| SRF | 4 | - | 4 | (11) | - | (11) | n.m. | n.m. |
| **Gross operating income** | **3,461** | **328** | **3,133** | **2,485** | **80** | **2,405** | **+39.3%** | **+30.3%** |
| Cost of risk | (534) | (84) | (450) | (202) | - | (202) | x 2.6 | x 2.2 |
| Equity-accounted entities | 27 | (12) | 39 | 94 | - | 94 | (71.1%) | (58.2%) |
| Net income on other assets | 29 | 28 | 1 | 11 | - | 11 | x 2.7 | (89.1%) |
| Change in value of goodwill | - | - | - | - | - | - | n.m. | n.m. |
| **Income before tax** | **2,983** | **259** | **2,724** | **2,387** | **80** | **2,307** | **+25.0%** | **+18.1%** |
| Tax | (677) | (69) | (609) | (549) | (19) | (530) | +23.3% | +14.9% |
| Net income from discont'd or held-for-sale ope. | 4 | - | 4 | 23 | (3) | 26 | n.m. | n.m. |
| **Net income** | **2,309** | **190** | **2,119** | **1,861** | **57** | **1,803** | **+24.1%** | **+17.5%** |
| Non controlling interests | (269) | (1) | (269) | (225) | 11 | (235) | +19.9% | +14.2% |
| **Net income Group Share** | **2,040** | **190** | **1,850** | **1,636** | **68** | **1,568** | **+24.7%** | **+18.0%** |
| **Earnings per share (€)** | **0.64** | **0.06** | **0.58** | **0.51** | **0.02** | **0.49** | **+25.5%** | **+18.5%** |
| **Cost/Income ratio excl. SRF (%)** | **48.2%** | | **50.6%** | **55.6%** | | **55.9%** | **-7.4 pp** | **-5.3 pp** |

**In the second quarter of 2023**, Crédit Agricole S.A.'s **stated net income Group share** amounted to **€2,040 million**, an increase of +24.7% from the second quarter of 2022.

**Specific items** for the quarter had a cumulative impact of +€190 million on net income Group share, and comprised non-recurring accounting items totalling +€201 million, mainly the reorganisation of the SFS division's Mobility business[17] (+€140 million) and the reversal of the provision for the Cheque Image Exchange fine (+€62 million). Recurring items amounted to -€11 million on net income Group share, and included accounting volatility items under revenues, i.e. the DVA (Debt Valuation Adjustment), the issuer spread portion of the FVA, and secured lending for -€11 million in net income Group share on capital markets and investment banking, and hedging of the Large Customers' loan book for -€1 million in net income Group share.

Excluding specific items, **underlying net income Group share**[18] stood at **€1,850 million** in the second quarter of 2023, a +18.0% rise over the second quarter of 2022.

In the second quarter of 2023, **underlying revenues** came to €6,329 million, up +15.6% compared to the second quarter of 2022. This growth was driven by the Asset Gathering division (+47.5%), which benefited from a rise in insurance premium revenues (x3.1 and +42% on an IFRS 17 basis[19]); Specialised Financial Services (+26.1%), which includes the first line-by-line integration of CA Auto Bank; International Retail Banking (+20.9%), with a

*[17] The reorganisation of the Mobility activities of the CA Consumer Finance Group had a non-recurring impact in Q2 2023 on all intermediate operating totals due to the transfer of business assets, indemnities received and paid, the accounting treatment of the 100% consolidation of CA Auto Bank (formerly FCA Bank) and the reorganisation of the automotive financing activities within the CA Consumer Finance Group (particularly the review of application solutions).*

*[18] Underlying, excluding specific items. See Appendixes for more details on specific items.*

*[19] Q2-22 base effect not taking into account investment management decisions implemented at the end of 2022, i.e. ring-fencing of equity and desensitisation of the portfolio.*

healthy net interest margin in Italy, Poland and Egypt; and Corporate and Investment Banking (+1.5%), boosted mainly by a higher net interest margin in asset servicing, with CIB revenues slightly lower but close to the historical best Q2 achieved in 2022. The underlying revenues of French Retail Banking (-4.4%) fell due to the higher costs of refinancing and funding resources.

**Underlying operating expenses** totalled -€3,196 million in the second quarter of 2023, an increase of +4.1% compared to the second quarter of 2022. **Excluding SRF**, this item comes to -€3,200 million for the second quarter of 2023, an increase of -€139 million, or +4.5%, of which -€62 million is due to the effect of the first-time consolidation of CA Auto Bank. The remainder is mainly attributable to the payroll increase of -€75 million (primarily Large Customers and IRB), and provisions for variable compensation and bonuses of -€26 million (mainly Corporate and Investment Banking), IT investments increased by -€35 million (mainly for Large Customers).

**The underlying cost/income ratio excluding SRF** in the second quarter of 2023 thus stood at 50.6%, a - 5.3 percentage points improvement compared to the second quarter of 2022.

**Gross underlying operating income** in the second quarter of 2023 totalled €3,133 million, a rise of +30.3%.

As at 30 June 2023, 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 (26% of gross outstandings) and corporates (43% of Crédit Agricole S.A. gross outstandings). The Non Performing Loans ratio remained stable and low at 2.6%. The coverage ratio[20] was high at 71.4%, up +0.6 percentage points over the quarter. **Loan loss reserves** amounted to €9.7 billion for Crédit Agricole S.A., an increase of +3.7% compared to end March 2023. Of those loan loss reserves, 36% were for performing loan provisioning. Loan loss reserves for performing loans are higher by €1.5 billion compared with the fourth quarter of 2019.

**The underlying cost of credit risk** deteriorated to -€450 million, a 2.2x increase compared with the second quarter of 2022 figure of -€202 million. The expense of -€450 million in the second quarter of 2023 consists of a write-back on performing loans (Stages 1 and 2) for -€14 million (versus a write-back of -€76 million in the second quarter of 2022), provisioning of proven risks for -€468 million (Stage 3, compared to -€309 million in the second quarter of 2022), the degradation due to a market significant case and the increase in proven risk on retail banking and consumer credit, and lastly a write-back of €4 million for other risks.

The provisioning levels were determined by taking into account several weighted economic scenarios, as in previous quarters, and by applying adjustments on sensitive portfolios. The weighted economic scenarios for the second quarter were updated, with a favourable scenario (French GDP at +1% in 2023, +2.4% in 2024) and an unfavourable scenario (French GDP at +0.1% in 2023 and -0.1% in 2024). The cost of risk relative to outstandings on a four quarter rolling basis[21] stood at 33 basis points, **i.e. in line with the assumption of the Medium-Term Plan of 40 basis points** and 35 basis points on an annualised quarterly basis[22].

**The underlying contribution of equity-accounted entities** came to €39 million in the second quarter of 2023, down -58.2% from the second quarter of 2022, impacted by a scope effect linked to the line-by-line consolidation of CA Auto Bank within SFS.

**Net income on other assets** stood at €1 million in the second quarter of 2023, down €10 million compared to the second quarter of 2022.

---

*[20] 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.*

*[21] 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 after reintegration of CA Auto Bank outstandings*

*[22] 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 after reintegration of CA Auto Bank outstandings*

**Underlying income**[23] **before tax,** discontinued operations and non-controlling interests was up +18.1% to €2,724 million. The **underlying effective tax rate** stood at 22.7%, while the underlying tax charge increased by +14.9% to -€609 million. Net income on discontinued operations came in at +€4 million, versus +€26 million in the second quarter of 2022. **Underlying net income before non-controlling interests** was therefore up +17.5% to €2,119 million. **Non-controlling interests** amounted to -€269 million in the second quarter of 2023, an increase of +14.2%.

**Underlying net income Group share** was up by +18.0% compared to the second quarter of 2022 at €1,850 million.

**Underlying earnings per share** in the second quarter of 2023 reached **€0.58**, increasing by +18.5% compared to the second quarter of 2022.

***Underlying RoTE***[24]*, which is calculated on the basis of an annualised underlying net income Group share*[25] *and IFRIC charges linearised over the year, net of annualised Additional Tier 1 coupons (return on equity Group share excluding intangibles) and adjusted for certain volatile items recognised in equity (including unrealised gains and/or losses), reached 14.7****% at 30 June 2023****, +0.3 percentage point compared to 31st March 2023.*

---

*23 See Appendixes for more details on specific items.*

*24 See details on the calculation of the business lines' RoTE (return on tangible equity) and RONE (return on normalised equity) on Appendix4*

*25 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*

## Credit Agricole S.A. – Stated and underlying results, H1-23 and H1-22

| €m | H1-23 stated | Specific items | H1-23 underlying | H1-22 stated | Specific items | H1-22 underlying | ∆ H1/H1 stated | ∆ H1/H1 underlying |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **12,797** | **315** | **12,482** | **11,203** | **152** | **11,051** | **+14.2%** | **+12.9%** |
| Operating expenses excl.SRF | (6,546) | (18) | (6,528) | (6,256) | (81) | (6,175) | +4.6% | +5.7% |
| SRF | (509) | - | (509) | (647) | - | (647) | (21.3%) | (21.3%) |
| **Gross operating income** | **5,741** | **296** | **5,445** | **4,300** | **71** | **4,229** | **+33.5%** | **+28.8%** |
| Cost of risk | (908) | (84) | (824) | (943) | (195) | (748) | (3.7%) | +10.1% |
| Equity-accounted entities | 113 | (12) | 125 | 189 | - | 189 | (40.1%) | (33.8%) |
| Net income on other assets | 33 | 28 | 5 | 20 | - | 20 | +60.8% | (75.9%) |
| Change in value of goodwill | - | - | - | - | - | - | n.m. | n.m. |
| **Income before tax** | **4,979** | **227** | **4,752** | **3,567** | **(124)** | **3,691** | **+39.6%** | **+28.7%** |
| Tax | (1,199) | (60) | (1,138) | (950) | (17) | (934) | +26.2% | +21.9% |
| Net income from discont'd or held-for-sale ope. | 6 | - | 6 | 24 | (7) | 31 | n.m. | n.m. |
| **Net income** | **3,786** | **167** | **3,619** | **2,641** | **(147)** | **2,788** | **+43.4%** | **+29.8%** |
| Non controlling interests | (520) | (0) | (519) | (434) | 11 | (445) | +19.8% | +16.8% |
| **Net income Group Share** | **3,266** | **167** | **3,100** | **2,207** | **(136)** | **2,344** | **+48.0%** | **+32.3%** |
| **Earnings per share (€)** | **1.00** | **0.06** | **0.95** | **0.67** | **(0.05)** | **0.72** | **+48.6%** | **+31.5%** |
| **Cost/Income ratio excl.SRF (%)** | **51.2%** | | **52.3%** | **55.8%** | | **55.9%** | **-4.7 pp** | **-3.6 pp** |

Stated net income Group share **in first half 2023** amounted to €3,266 million, compared with €2,207 million in first half 2022, an increase of +48.0%.

**Specific items in first half 2023** had a positive impact of **+€167 million** on stated net income Group share. In addition to the second quarter items already mentioned above, the first quarter 2023 items had had a negative impact of -€23 million and corresponded to the recurring accounting volatility items, i.e. the DVA for -€6 million and the hedges of the Large Customers' loan book for -€17 million. The specific items for first half 2022 had a negative impact of -€136 million on stated net income Group share, explained by one of the recurring accounting volatility items, specifically the DVA for -€6 million, as well as hedges on the Large Customers' loan book for +€53 million and changes in the provision for home purchase savings plans for +€63 million. To this were added the Creval integration costs for -€16 million and those of Lyxor for -€26 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 -€10 million. Excluding these specific items, **underlying net income Group share amounted to €3,100 million**, up **+32.3%** compared to first half 2022.

**Underlying earnings per share stood at €0.95 per share in first half 2023,** up **31.5%** compared to first half 2022.

**Underlying**[26] **RoTE,** which is calculated on the basis of an annualised underlying net income Group share[27] 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 **14.7% for first half 2023**, up from first half 2022 (13.9%).

**Underlying revenues** were up **+12.9%** compared to first half 2022. Underlying **operating expenses** excluding SRF increased by 5.7% compared to first half 2022. The cost/income ratio excluding SRF for the first half of the year was 52.3%, an improvement of 3.6 percentage points compared to first half 2022. SRF for the period came to -€509 million, a decrease of 21.3% compared to first half 2022. Underlying **gross operating income** totalled €5,445 million, up +28.8% compared to first half 2022. Lastly, **cost of risk** increased over the period (+10.1%/-€76 million to -€824 million versus -€748 million in first half 2022).

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

[27] *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

In the second quarter of 2023, assets under management in the Asset Gathering (AG) division stood at €2,482 billion, up +1.2% compared to the end of March 2023 thanks to a positive market effect. Net inflows for the quarter were positive at +€1.1 billion, driven by €3.7 billion at Amundi. Over one year, assets under management rose by +2.0%, due to a positive market effect. Net inflows year-on-year were negative at -€4.7 billion, mainly due to significant outflows in the first quarter of 2023 for Amundi on low-margin institutional assets. Excluding double counting, assets under management stood at €2,205 billion at 30 June 2023, up +2.9% compared to 30 June 2022.

**Insurance activity (Crédit Agricole Assurances)** reached a record level in the second quarter, with total premium income of €9.1 billion, up +2.7% compared to the second quarter of 2022 (+3.8% at constant scope, excluding La Médicale). Premium income in first half 2023 achieved a record of €20.8 billion, up +3.6% compared to first half 2022 (+5.6%, at constant scope, excluding La Médicale).

**In Savings/Retirement**, the business enjoyed strong commercial momentum, with premium income of €14.8 billion at end June 2023, up +4.7% compared to first half 2022. Gross inflows amounted to €6.6 billion this quarter, with the unit-linked share remaining very high at 45.3% (+4.4 percentage points compared to the second quarter of 2022 and -0.4 points compared to the first quarter of 2023). Net inflows were -€0.2 billion this quarter as net inflows in France (+€1.1 billion) offset outflows from international markets, particularly Italy and Luxembourg. Similarly, positive net inflows from unit-linked contracts (+€1.5 billion) offset outflows from euro funds (-€1.8 billion).

**Assets** (savings, retirement and death and disability) stood at €326.3 billion, up year-on-year by +€6.9 billion, i.e. +2.2%. Unit-linked contracts accounted for 27.9% of assets, up +0.8 percentage points compared to March 2023, and +2.7 percentage points over one year. This asset was buoyed by the successful marketing of unit-linked bond products and favourable financial markets.

Policy Participation Reserve (PPE[28]) amounted to €11.9 billion at 30 June 2023, representing 5.6% of total euro outstandings.

**Property and casualty insurance** activity was dynamic, with premium income of €1.2 billion in the second quarter of 2023, up +3.8% compared to the second quarter of 2022 (+10.4% at constant scope, excluding La Médicale). At the end of June 2023, the portfolio of property and casualty policies totalled nearly €15.6 million[29], an increase of +1.1% over the quarter and +3.5% over one year (at constant scope, excluding La Médicale). The equipment of individual customers in the banking networks of Crédit Agricole Group increased compared to end June 2022 for all networks: 42.8%, or +0.5 percentage point for Regional Banks, 27.4%, or +0.5 percentage point for LCL, and 17.9% for CA Italia including Creval's customer base, or +2.3 percentage points. The combined ratio stood at 97.8%, an improvement of +3.9 percentage points year-on-year, as the second quarter of 2022 had been heavily impacted by weather-related claims.

In **death & disability/creditor/group insurance**, premium income for the second quarter of 2023 stood at €1.3 billion, up +5.2% from the second quarter of 2022, at constant scope excluding La Médicale, thanks to the strong growth of death & disability (up +15% at constant scope, excluding La Médicale) and of group insurance (+19%). Premium income from creditor insurance is stable.

---

[28] *Scope "Life France"*

[29] *Scope: property and casualty in France and abroad*

In the second quarter of 2023, the European asset management market was marked by persistent risk aversion, with very modest total inflows and even outflows from active management. Against this backdrop, **Asset Management (Amundi)** posted positive net inflows, both in Medium/Long-Term assets and Treasury products, in the Retail and Institutional segments alike

**Assets under management** reached €1,961 billion at the end of June 2023, up +1.4% compared to 31 March 2023. Year-on-year, AuM rose by +1.9% compared to 30 June 2022.

The **Retail** segment recorded net inflows of +€2.1 billion in the second quarter, reflecting the particularly high level of risk aversion among this client base, as evidenced in particular by a high level of inflows into Treasury products (+€1.9 billion) continued strong activity in Structured products (+€2.2 billion), which offer capital protection and returns, as well as Buy & Watch bond funds.

The **Institutionals** segment also recorded positive net inflows of €2.4 billion in the second quarter of 2023, driven by a record quarter in Employee Savings (+€3.4 billion in MLT assets). The excellent performance of this business line is due to a combination of rising corporate profits and companies' desire to develop ways to share value with their staff, such as through employee savings schemes.

Finally, **the Asian JVs**[30] recorded outflows of -0.9 billion in the second quarter of 2023, entirely due, as in the first quarter, to outflows from major institutions at ABC-CA (China, with outflows of -€5.5 billion), whereas the Indian JV recorded very buoyant activity (+€3.6 billion) and the other JVs also recorded positive net inflows.

**Amundi Technology** saw its revenues grow by more than +30% in the second quarter and second half 2023 compared with the same periods last year. The entity gained three new customers in the second quarter and seven in first half 2023.

**In wealth management[31],** total assets under management (CA Indosuez Wealth Management and LCL Private Banking) amounted to €194.6 billion at the end of June 2023 (including €132.7 billion for Indosuez Wealth Management), and were stable compared to the end of March 2023 owing to a positive market effect. Net inflows were negative in wealth management at -€2.3 billion, impacted by changes in customer behaviour in a context of rising rates.

## Results of the Asset Gathering division

The 2023 data for the Insurance business line, and therefore the data for the Asset management and Savings business line, are compared with 2022 pro forma IFRS 17 data.

In the second quarter of 2023, AG generated **revenues** of €1,732 million, up +47.5% compared to the second quarter of 2022, with a very high level of revenues across all of the division's business lines, in Insurance, Asset Management and Wealth Management. Costs excluding SRF decreased -1.7%. Thus, the cost/income ratio excluding SRF stood at 41.3%, down -20.7 percentage points compared to the second quarter of 2022. Gross operating income stood at €1,017 million, 2.3 times greater than the second quarter of 2022. Taxes stood at €246 million, a +72.6i % increase. The **net income Group share** of AG stood at €676 million, 2.8 times greater than the second quarter of 2022. Net income Group share increased between the second quarter of 2022 and the second quarter of 2023, across all of the division's business lines: asset management (+38.4%), insurance (x6.3) and wealth management (+56.3%).

In the first quarter of 2023, AG generated **revenues** of €3,478 million, up +26.8% compared to first half 2022. The increase is explained by a very good level of revenues overall in Insurance and Wealth Management activities. Costs excluding SRF were stable (+0.3%). As a result, the cost/income ratio excluding SRF stood at 41.1%, down -10.8 percentage points compared to first half 2022. Gross operating income stood at €2,042 million, a sharp increase of +55.8% compared to first half 2022. Taxes stood at €478 million, a +46.6% increase. The **net income Group share** of AG stood at €1,374 million, up +67.6% compared to first half 2022.

---

*[30] Net inflows include assets under advisory and assets sold, and take into account 100% of Asian JVs' net inflows. For Wafa Gestion in Morocco, net inflows reflect Amundi's share in the JV's capital.*

*[31] LCL Private Banking and Indosuez Wealth Management*

Net income Group share increased between first half 2022 and first half 2023 across all of the division's business lines: asset management (+12.8%), insurance (x2.1) and wealth management (+62.3%).

In first half 2023, AG contributed 47% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre division) and 30% to underlying revenues excluding Corporate Centre division.

As at 30 June 2023, equity allocated to the division amounted to €12.4 billion, including €10.5 billion for Insurance, €1.3 billion for Asset management, and €0.5 billion for Wealth management. The division's risk weighted assets amounted to €46.9 billion, including €27.6 billion for Insurance, €13.6 billion for Asset management and €5.7 billion for Wealth management.

The **underlying RoNE** (return on normalised equity) stood at 25.6% at end of June 2023.

### Insurance results

In the second quarter of 2023, **revenues** from insurance totalled €668 million, 3.1 times higher than in the second quarter of 2022 pro forma under IFRS17, and +42% under IFRS17, i.e. after restatement for the base effect in 2022, which did not take into account the investment management decisions implemented at the end of 2022 (segregation of equity and desensitisation of the portfolio). This 42% increase is linked to the market downturn and a high level of claims in the second quarter of 2022.

This quarter's revenues were made up of Savings/Retirement (€539 million)[32], personal protection (€123 million)[33] and property and casualty insurance (€59 million)[34].

**Gross operating income** came to €593 million and tax to -€142 million. As a result, **net income Group share** was €433 million, 6.3 times higher than in the second quarter of 2022, and 1.7 times higher under the IFRS17 run rate[35].

The Contractual Service Margin (CSM) stood at €23.6 billion at 30 June 2023, up 8.2% compared with 31 December 2022. CSM rose again in the second quarter thanks to the impact of new business exceeding the quarter's CSM allocation, the positive effect of the market environment on inventory valuation, and a good performance by the savings business line in France.

Revenues from insurance in **first half 2023** amounted to €1,379 million, up 83.9% compared with first half 2022, and up 13.6% under the IFRS17[35] run rate, mainly due to a base effect in 2022 (investment management decisions implemented at the end of 2022, i.e. segregation of equity and desensitisation of the portfolio, were not taken into account in the IFRS17 pro-forma), a decline in the markets in first half 2022, and a high level of weather-related claims in the second quarter of 2022. Gross operating income was twice as high as in first half 2022, up 13.7% under the IFRS17 run rate[35]. Finally, the tax charge for first half 2023 rose by 81.4%. All in all, net income Group share came to €907 million, 2.1 times higher than in first half 2022, and up 16% at constant scope under the IFRS17 run rate[35].

At 30 June 2023, Crédit Agricole Assurances' solvency was high at 222%, increasing of +18 percentage points compared to 31 December 2022.

Insurance contributed 26% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses. (excluding the Corporate Centre division) at the end of March 2023 and 11% to their underlying revenues.

*[32] Amount of allocation of CSM and RA*

*[33] Amount of allocation of CSM and RA, excluding funeral guarantees*

*[34] Net of cost of reinsurance, excluding financial results*

*[35] IFRS17 run rate: i.e. after restatement of the 2022 base effect, which did not take into account the investment management decisions implemented at the end of 2022 (segregation of equity and desensitisation of the portfolio).*

## Asset management results

In the second quarter of 2023, **revenues** totalled €803 million, up 9.5% compared with the second quarter of 2022, thanks to higher margins on management fees, financial revenues that became positive and a high level of performance fees. Operating **expenses** excluding SRF stood at €439 million, a slight increase of +1.9% compared with the second quarter of 2022 (excluding Lyxor integration costs recorded last year), boosted in particular by synergies from the Lyxor acquisition, which were achieved at 80% of target, ahead of the initial timetable. As a result, the **cost/income ratio excluding SRF** was 54.7%. Gross operating income increased by +38.8% compared to the second quarter of 2022. The contribution from equity-accounted entities, comprising the contribution from the Amundi joint ventures, stood at €27 million, up +29.6% from the second quarter of 2022, while the tax charge amounted to -€91 million, up +37.0%. Lastly, net income Group share increased by +38.4% to €201 million.

In **first half 2023**, revenues from asset management rose by 1.9%, driven as in the quarter by financial income (€29 million vs. -€27 million in first half 2022) and Amundi Technology revenues (+33.0% to €29 million), while net management fee and commission income and performance fee and commission income were down. However, the decline in management fee and commission income was less pronounced than the decline in average assets excluding JVs, reflecting the improvement in margins already commented on in the quarter. Operating expenses excluding SRF rose by 1.4%, excluding the impact of Lyxor integration costs recorded in first half 2022 (€51 million before tax). The cost/income ratio excluding SRF was 55.2%, a decline of -3.5 percentage points compared to first half 2022. As a result, gross operating income was up +10.8% compared to first half 2022. The net income of equity-accounted entities increased by +20.7%. All in all, net income Group share stood at €387 million, an increase of +12.8%.

Asset management contributed 11% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses. (excluding the Corporate Centre) at end June 2023 and by 12% to their underlying revenues.

## Wealth management results[36]

**Revenues** from Wealth Management amounted to €262 million in the second quarter of 2023, up +14.9% from the second quarter of 2022, boosted by the rise in interest rates, which had a positive impact on the interest margin, which increased by +75% between the second quarter of 2022 and the second quarter of 2023. **Expenses excluding SRF** totalled €201 million, up steadily by +5.0%. As a result, the **cost/income ratio** fell by -7.2 percentage points year-on-year to 76.9% in the second quarter of 2023. Gross operating income, excluding SRF, rose +66.4% to €60 million. **Net income Group share** amounted to €43 million, up +56.3% compared to the second quarter of 2022.

In first half 2023, Wealth management's revenues rose sharply by +17.3% compared to first half 2022, to reach €522 million. Costs excluding SRF were up +7.1%. Gross operating income was therefore up +76.3% at €115 million. Thus, net income Group share increased by +62.1% to €80 million for the half-year.

Asset management contributed 2% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding the Corporate Centre) at end June 2023 and by 4% to their underlying revenues.

On the 4th of August, signing of an agreement for the acquisition of a majority stake in the capital of Banque Degroof Petercam[37].

---

[36] *Indosuez Wealth Management scope*

[37] *Cf. dedicated press release available on our website*

# Activity of the Large Customers division

**Corporate and Investment Banking (CIB)** posted excellent commercial performance in the second quarter of 2023, close to the second quarter of 2022's record level. **Asset servicing** recorded very good business levels during the period, benefiting from interest rate levels.

In the second quarter, **underlying revenues** in **Corporate and Investment Banking (CIB)** were close to the level of the best second quarter on record[38] at €1,550 million, down -1.8% year-on-year. **Capital markets and investment banking** maintained a high level of underlying revenues at €774 million, down -4.9% compared with the second quarter of 2022, especially in FICC (down -1.1% over the period) thanks to excellent business in financing activities (repo, primary credit and securitization. In a less active M&A market, investment banking activity declined, with underlying revenues down -23.2% over the period. Underlying revenues from **financing activities** were up +1.4% compared to the second quarter of 2022 to stand at €776 million. This can be explained in particular by the excellent performance of structured finance in all sectors (+20.4% compared with the second quarter of 2022). Commercial banking was down (-7.8% compared with the second quarter of 2022), in Corporate & Leverage Finance due in particular to greater selectivity in leverage finance, and despite the dynamic activity of International Trade & Transaction Banking driven by cash management.

Financing activities thus confirmed its **position as leader** in syndicated loans (#1 in France[39] and #2 in EMEA[39]) and ranked #3 in project finance loans worldwide[39] CACIB reaffirmed its leading position in bond issues with its rankings as #2 in All bonds in EUR Worldwide[39] and #2 in Green, Social & Sustainable bonds in EUR[40]. Average regulatory **VaR** stood at €17.9 million in the second quarter of 2023, an insignificant increase from the €15.9 million recorded in the first quarter of 2023, reflecting changes in positions and financial markets. However, it remained at a level that reflected **prudent risk management**.

In **asset servicing (CACEIS)**, the acquisition of the activities of RBC Investor Services in Europe was completed on 3 July; the operations acquired will be consolidated in the third quarter of 2023. Uptevia, a 50/50 joint venture combining the issuer services business lines[41] of CACEIS and BNP Paribas, has been accounted for using the equity method since the first quarter of 2023.

In the second quarter of 2023, **assets** were up +2.1% compared with the first quarter of 2023 thanks to dynamic sales and a confirmed market recovery. **Assets under custody** rose by +1.7% at end June 2023 compared to end March 2023 (up +4.8% from end June 2022), to reach €4,273 billion. **Assets under administration** were up +2.8% this quarter (+5.4% year-on-year), to €2,278 billion at end June 2023. In addition, **settlement/delivery volumes** rose by 29% in the second quarter of 2023 compared with the second quarter of 2022.

# Results of the Large Customers division

**In the second quarter of 2023**, stated **revenues** of the Large customers division amounted to €1,906 million, down -3.3% compared to the first quarter of 2022, buoyed by excellent performance in both corporate and investment banking and asset servicing, and remained close to the very high level of the second quarter of 2022. The division's specific items this quarter had an impact of -€16 million on financing activities and comprised the DVA (the issuer spread portion of the FVA, and secured lending) amounting to -€15 million, and loan book hedging totalling -€1 million. **Operating expenses excluding SRF** were 8.2% higher than in the second quarter of 2022, notably in staff costs and IT investments to support growth. As a result, the division's **gross operating income** was down from the second quarter of 2022, standing at €869 million. The division recorded an overall net addition for **cost of risk** of -€32 million in the second quarter of 2023, compared to a reversal of +€76 million in the second quarter of 2022, which included a +€14 million reversal of provisions related to the war in Ukraine. Stated profit before tax totalled €844 million, down -22.5% during the period. The tax charge was -€174 million. Lastly, stated **net income Group share** reached €622 million in the second quarter of 2023, compared with

*[38] The second quarter of 2022 was the best ever for CIB's underlying revenues, which totalled €1,579 million.*
*[39] Refinitiv*
*[40] Bloomberg*
*[41] Operational register keeping, organisation of general meetings and other services to issuers in France*

stated income of €843 million in the second quarter of 2022. Underlying net income Group share came to €633 million in the second quarter of 2023, versus €785 million in the second quarter of 2022.

**In first half 2023**, the **revenues** of the Large Customers business line amounted to a historic high of €3,957 million (+7.1% compared to first half 2022). **Operating expenses excluding SRF** rose +12.0% compared to first half 2022 to €2,159 million, largely related to staff costs and IT investments. **SRF expenses** fell sharply by -29.4% compared to first half 2022. Gross operating income for first half 2023 therefore totalled €1,486 million, up +12.2% from first half 2022. The **cost of risk** ended first half 2023 with a net provision of -€68 million compared to a net provision of -€202 million in first half 2022, which included the impact of the Russia-Ukraine war and its consequences in terms of provisioning on performing loans in the first quarter of 2022. The business line's contribution to underlying **net income Group share** was at €998 million, a strong increase of +24.9% compared to first half 2022. Underlying net income Group share came to €1,033 million in first half 2023, versus €753 million in first half 2022.

The division contributed 30% to the **underlying net income Group share** of Crédit Agricole S.A.'s core businesses. (excluding the Corporate Centre division) at end June 2023 and 31% to **underlying revenues** excluding the Corporate Centre.

At 30 June 2023, the **equity allocated** to the division was €12.8 billion, while its **risk weighted assets** were €135.1 billion.

Underlying **RoNE** (return on normalised equity) stood at 17.2% at end June 2023.

## Corporate and Investment banking results

In the **second quarter of 2023**, Corporate and Investment Banking reported a high level of **stated revenues** of €1,535 million, down -7.4% from the second quarter of 2022, which was the best second quarter on record, thanks to excellent performance in all of its business lines. The division's specific items this quarter had an impact of €-16million and comprised the DVA (the issuer spread portion of the FVA, and secured lending) amounting to -€15 million, and loan book hedging totalling -€1 million. **Operating expenses excluding SRF** rose by +9.4% to -€807 million, mainly in staff costs (increase in FTEs in 2022 and adjustment of variable compensation) and IT to support the development of the business lines. **Gross operating income was down -20.9% compared to the second quarter of 2022** and reached €727 million. The cost/income ratio (excluding SRF) was 52.6%, a negative change of +8.1 percentage points over the period. However, it remains at a low level, below the target set out in the Medium-Term Plan 2025 (<55%). The **cost of risk** recorded a moderate net depreciation of -30 million compared to a significant reversal of +€75 million in the second quarter of 2022. Lastly, **pre-tax income** in the second quarter of 2023 stood at €697 million, versus €994 million one year earlier. The tax charge is -€136 million. All in all, stated **net income Group share** for the second quarter of 2023 stood at €547 million. Underlying net income Group share came to €558 million in the second quarter of 2023, versus €733 million in the second quarter of 2022.

**In first half 2023**, **stated revenues** rose +5.1% compared to first half 2022, to €3,226 million, the highest half-yearly level ever. The specific items this half-year had an impact of -€47 million and comprised the DVA (the issuer spread portion of the FVA, and secured lending) amounting to -€23 million, and loan book hedging totalling -€25 million. **Expenses excl. SRF** rose +14.2%, mainly in staff costs, due to the growth in FTEs in 2022 and continuing adjustment of variable compensation to activity, and in IT to support the development of the business lines. **The contribution to the SRF** fell significantly in the first half of the year, by -29.5% to -€271 million in first half 2023. As a result, **gross operating income** at €1,264 million was up sharply (+5.0% compared to first half 2022.) The **cost of risk** recorded an addition of -€65 million in first half 2023, compared with -€204 million in first half 2022, which included the conservative provisioning of Russian exposures (addition of -€346 million on performing loans in Russia in the first quarter of 2022). The tax charge came to -€298 million, a +19.7% increase in line with activity growth. All in all, stated **net income Group share** for first half 2023 stood at a record level of €879 million, an increase of +19.9% over the period. Underlying net income Group share came to €914 million in first half 2023, versus €687 million in first half 2022.

**Risk weighted assets at end June 2023** rose by a moderate +€2.4 billion compared to end March 2023 to €126.0 billion. This change was mainly due to higher market RWAs (changes in VaR, SVaR and CRTB[42]), positive model and exchange rate impacts.

## Asset servicing results

**In the second quarter of 2023, stated** asset servicing **revenues** amounted to €371 million, a sharp increase of +18.4% compared to the second quarter of 2022 (+21.6% when adjusted for Uptevia[43], which contributed €8.1 million in the second quarter of 2022). This increase was driven by the net interest margin, which doubled over the period as a result of treasury activity, which itself benefited from interest rate levels. **Operating expenses** excluding SRF increased by +4.2% to -€231 million (+7.3% when adjusted for Uptevia[43], which contributed -€6.4 million in the second quarter of 2022). These figures reflect the impact of inflation on payroll and include -€6.3 million in integration costs relating to the acquisition of RBC Investor Services' activities in Europe, which will be consolidated from the third quarter of 2023. As a result, **gross operating income** rose strongly (+55.1%) in the second quarter of 2023 to €142 million. The cost/income ratio excluding SRF thus came to 62.2% (60.5% excluding RBC integration costs), an improvement of 10.2 percentage points compared to the second quarter of 2022. The second quarter of 2023 also recorded €7 million in income from equity-accounted entities. This was the result of strong performance by the Latin-American entities and now includes the contribution from Uptevia[43]. **Net income** thus totalled €109 million, up +39.8% compared to the second quarter of 2022. Adjusted for the €34 million share of non-controlling interests, the business line's contribution to **net income Group share** totalled €75 million in the second quarter of 2023, up by +42.0% compared to the second quarter of 2022.

**Stated revenues for first half 2023** were up +16.9% compared with first half 2022, buoyed by strong commercial momentum and an interest margin that doubled over the period. Costs **excluding SRF** were up +4.8%, and include -€9.5 million in integration costs relating to the acquisition of RBC Investor Services' activities in Europe. Meanwhile, **SRF costs** fell sharply by -28.3%. This resulted in a very strong +83.4% increase in **gross operating income** compared to first half 2022. **Net income** was thus up by +78.3%. The overall contribution of the business line to **net income Group share** in first half 2023 was €119 million, representing a +80.6% increase compared to 30 June 2022.

*[42] CRTB: Counterparty credit risk in the trading book*

*[43] Formation on 1 January 2023 of a 50/50 joint venture combining the issuer services business lines of CACEIS and BNP Paribas; Uptevia has been equity-accounted since Q1-23.*

## Specialised financial services activity

**In the second quarter of 2023**, **commercial production** at Crédit Agricole Consumer Finance (CACF) remained high at €13.6 billion, a +9% increase over the second quarter of 2022, driven by particularly brisk business in the Automotive channel[44] (+30%). At end June 2023, CACF's total outstandings stood at €107 billion, i.e., +10.8% compared to end June 2022. Outstandings at the automotive entities amounted to €40.4 billion, of which €24.7 billion at Crédit Agricole Auto Bank this quarter. This follows the reorganisation of CACF's "Mobility" activities and the execution of the agreement with Stellantis with effect from the beginning of April. Leasys, the 50/50 joint venture with Stellantis, contributed €5.9 billion in outstandings at 100%.

**Commercial production in leasing** at Crédit Agricole Leasing and Factoring (CAL&F) saw strong momentum in the second quarter of 2023 with a year-on-year increase of +4.9%. Leasing outstandings rose to €18.3 billion at end June 2023 (of which €14.7 billion in France and €3.6 billion abroad), for a year-on-year increase of +9.5%. By contrast, **commercial production in factoring** at Crédit Agricole Leasing and Factoring (CAL&F) fell in the second quarter of 2023 by -23.6% due to a base effect (the second quarter of 2022 had seen the start-up of a major deal). Factored revenues for the quarter rose by +3.4% to €30.4 billion, with particularly good growth in France. Lastly, the financed quota also rose in second quarter to 70.9% (+8.2 points vs the second quarter of 2022).

Key developments for the business line include the implementation of the agreement between CACF and Stellantis, which took effect this quarter and finalised the creation of the Leasys 50/50 joint venture with Stellantis, and the acquisition of 100% of CA Auto Bank (formerly FCA Bank) and Drivalia (car renting and car sharing). In addition, CACF acquired the activities of ALD and LeasePlan in six European countries, representing a total fleet of more than 100,000 vehicles (of which 30,000 were taken over by Leasys and 70,000 by CA Auto Bank) and total outstandings of approximately €1.7 billion.

## Specialised Financial Services results

The division's results were impacted by the execution of the agreement between CACF and Stellantis, which came into effect this quarter. The stated **revenues** of Specialised Financial Services rose to €1,162 million in the second quarter of 2023, up +69.8% compared to the second quarter of 2022. The division's specific items, totalling €299 million, stemmed solely from consumer finance and were linked to the reorganisation of CACF's Mobility activities[45]. Excluding these items, underlying revenues came to €863 million, an increase of +26.1% over the quarter. The full consolidation of CA Auto Bank contributed €176 million to revenues this quarter. Stated costs excluding SRF came to -€430 million, i.e. an increase of +19.5%. Specific items, linked to the reorganisation of CACF's Mobility activities[45], amounted to -€18 million. Excluding this item, underlying expenses came to - €413 million, an increase of +14.3% over the quarter. The full consolidation of CA Auto Bank contributed -€62 million to expenses this quarter. As a result, **underlying gross operating income** increased by +39.3% to €454 million. The **underlying cost/income ratio** excluding SRF also showed strong improvement at 47.6% (-4.9 percentage points). The stated **cost of risk** rose sharply compared to the second quarter of 2022 by 2.7x to €304 million. Adjusted for -€85 million in specific items relating to the reorganisation of CACF's Mobility activities (day-1 loss)[45], cost of risk was €219 million. The increase in the underlying cost of risk was thus +95.6% (+€107 million over the period). The full consolidation of CA Auto Bank contributed -€25 million to cost of risk this quarter. The stated **net income from equity-accounted entities** fell by -86% to €11 million. This includes the formation of the Leasys 50/50 joint venture which launched in this quarter (formerly FCA Bank accounted for as a 50/50 JV). Adjusted for -€12 million in specific items relating to the reorganisation of CACF's Mobility activities[45], net income from equity-accounted entities came to €23 million, with the creation of Leasys contributing €14 million this quarter. The stated **net income group share** totalled €304 million, up by +51.4%. Specific items had an impact of €140 million on net income Group share. Underlying net income Group share thus came to €164 million, down by -18.2% compared to the second quarter of 2022.

---

[44] *CA Auto Bank, automotive JVs and auto activities of other entities*

[45] *The reorganisation of the Mobility activities of the CA Consumer Finance Group has a non-recurring impact in the second quarter of 2023 on all intermediate operating totals due to the transfer of business assets, indemnities received and paid, the accounting treatment of the 100% consolidation of CA Auto Bank (formerly FCA Bank) and the reorganisation of the automotive financing activities within the CA Consumer Finance Group (particularly the review of application solutions).*

In **first half 2023,** the stated revenues of **Specialised Financial Services** increased by +33.6%, driven by the excellent performance of CAL&F (+7.4% compared to first half 2022) and higher revenues for CACF (+41.5% compared to first half 2022), linked to the full consolidation of CA Auto Bank since the second quarter of 2023. The **specific items** for first half 2023 were concentrated in the second quarter of 2023 and are thus the same as those mentioned above, relating exclusively to the reorganisation of CACF's Mobility activities[46]. The various items in the income statement for first half 2023 are impacted by the line-by-line consolidation of CA Auto Bank starting in the second quarter of 2023. The division's **underlying revenues** came to €1,535 million, an increase of +11.8% over the period**. Underlying costs excluding SRF** increased by +7.7% compared to first half 2022. The underlying cost/income ratio excluding SRF remained low at 50.9%%, an improvement of +2.0 percentage points compared to first half 2022. **The SRF contribution** came to -€29 million in first half 2023, down -15.7% compared to first half 2022. The underlying **cost of risk** increased by +59.8% in first half 2023 compared to first half 2022. The contribution of equity-accounted entities fell by -38.6% in underlying terms over the period. The underlying **net income Group** share thus came to €291 million, down by -20% compared to the second quarter of 2022, mainly related to the increased cost of risk.

The division contributed 8% to the **underlying net income Group share** of the Crédit Agricole S.A. business lines. (excluding the Corporate Centre division) in the first half of 2023 and 12% to **underlying revenues** excluding the Corporate Centre.

At 30 June 2023, the **equity allocated** to the division was €6.6 billion and its **risk weighted assets** were €69.9 billion.

Underlying **RoNE** (return on normalised equity) stood at 9.5% at end of June 2023.

## Consumer finance results

The business line's results for the second quarter of 2023 were impacted by the execution of the agreement between CACF and Stellantis, effective this quarter, on the reorganisation of CACF's Mobility activities[46]. **Specific items** for the quarter were the same as those previously described for the Specialised Financial Services division, with an impact of €140 million on net income Group share. Stated **revenues** amounted to €981 million. Adjusted for specific items, revenues totalled €682 million in the second quarter of 2023, up +29.5% compared to the second quarter of 2022. The total was affected by the consolidation of CA Auto Bank[47] and a margin still penalised by refinancing costs (but with a continued gradual rise in customer loan production rates, up +25 bps in the second quarter of 2023 compared with the first quarter of 2023). Stated **costs** excluding SRF stood at €335 million. Adjusted of specific items, they came to €316 million, up 16.5% compared to the second quarter of 2022, mainly reflecting the consolidation of CA Auto Bank.[48]**.** As a result, gross operating income rose by +43.8% to €368 million, while the cost/income ratio excluding SRF stood at 46.4%, an improvement of 5.2 percentage points over the second quarter of 2022. The stated **cost of risk** was -€285 million in the second quarter of 2023. Adjusted for specific items, the cost of risk doubled over the period, standing at -€201 million. The increase is mainly attributable to the traditional segments, reflecting the inflationary environment. Also noteworthy was the integration of the Mobility activities[49] this quarter, which are inherently less risky. The annualised cost of risk on outstandings was 123 bps[50], with the first-time consolidation of CA Auto Bank representing a gain of around 50 bps. The Non Performing Loans ratio and the coverage ratio fell respectively to 3.8% (versus 4.9% at end March 2023) and 83.4% (versus 85% at end March), mainly due to the consolidation of CA Auto Bank. The stated contribution of **equity-accounted entities** came to €14 million (down -82.2%). Adjusted for specific items, it totalled €26 million, down -66.8% compared with the second quarter of 2022, due to the full consolidation of CA Auto Bank (formerly FCA Bank, previously recognised under equity-accounted

*[46] The reorganisation of the Mobility activities of the CA Consumer Finance Group has a non-recurring impact in the second quarter of 2023 on all intermediate operating totals due to the transfer of business assets, indemnities received and paid, the accounting treatment of the 100% consolidation of CA Auto Bank (formerly FCA Bank) and the reorganisation of the automotive financing activities within the CA Consumer Finance Group (particularly the review of application solutions).*

*[47] Contribution of €176 million over the quarter to revenues*

*[48] Contribution of -€62 million over the quarter to expenses*

*[49] Contribution of -€25 million over the quarter to cost of risk*

*[50] Annualised cost of risk as a share of outstandings (in basis points) calculated on the basis of the cost of risk for the quarter multiplied by 4 divided by the outstandings at the beginning of the quarter after adding back CA Auto Bank's outstandings*

entities at 50%). The new entity, Leasys, a 50/50 joint venture with Stellantis specialising in multi-brand operational leasing, contributed €14 million this quarter. The stated tax charge was -€122 million. Adjusted for specific items, the tax charge amounted to -€49 million in the first quarter of 2023, an increase of +9.3%. Finally, **stated net income Group share** totalled €262 million (+66.7%). Adjusted for specific items, it came to €122 million in the second quarter of 2023, a decrease of -22.2%.

**In first half 2023**, the specific items affecting consumer finance were concentrated exclusively in the second quarter, with the reorganisation of CACF's Mobility activities. The impacts are the same as those mentioned above. Stated **revenues** amounted to €1,492 million (+41.5%). Adjusted for specific items, revenues totalled €1,192 million, an increase of +13.1% compared to the first half 2022. Stated **costs** excluding SRF amounted to €612 million (+11.5%). Adjusted for specific items, costs were up by +8.2% compared with first half 2022. The contribution to the SRF was -€13 million (-17.7% compared with first half 2022), and the underlying **cost/income ratio** excluding SRF fell to 49.8%, remaining at a low level. This resulted in a +19.6% increase in underlying gross operating income compared to first half 2022. The stated cost of risk totalled -€432 million (+99.1%). Adjusted for specific items, the cost of risk increased by 60.4% to -€347 million compared to first half 2022. The stated underlying contribution of **equity-accounted entities** was €88 million, down by -44.4%. Adjusted for specific items, it fell by -36.8% to €100 million. Finally, **net income Group share for first half 2023** totalled €358 million (+23.8%). Adjusted for specific items, it came to €219 million, a decrease of -24.2%.

## Leasing & Factoring results

**Revenues** totalled €180 million, up 14.0% compared with the second quarter of 2022, driven in particular by a volume effect on factoring. Of note, leasing revenues stabilised over the quarter. Costs excluding SRF rose by +€7 million (+6.8%), reflecting higher costs both abroad, with increased payroll in Poland and the ramp-up of leasing in Germany, and in France, with IT development projects. The **cost/income ratio excluding SRF** stood at 52.2%, an improvement of -3.5 percentage points compared to the second quarter of 2022. As a result **gross operating income** totalled €70 million, up sharply (+22.7%) from the second quarter of 2022. The **cost of risk** increased to €19 million, with several quarter-specific items, while **net income Group share** stood at €42 million, a slight decline of -€2 million from the second quarter of 2022 (-4.2%).

**In first half 2023, revenues** totalled €342 million, a +7.4% increase compared to first half 2022. **Costs excluding SRF** increased by +5.8% to €187 million. The SRF contribution came to -€15 million in first half 2023, (-15.0% lower than in first half 2022). **Gross operating income** rose to €139 million, a +12.7% increase compared to first half 2022. **The underlying cost/income ratio excluding SRF** amounted to 54.9%, an improvement of 0.8 percentage points compared to first half 2022. The **cost of risk** was up compared to first half 2022 (+56.2%). **Underlying net income Group share** was €72 million, a modest decline of -3.3% compared to first half 2022.

# Crédit Agricole S.A. Retail Banking activity

In Crédit Agricole S.A.'s **Retail Banking** business, loan production slowed amid rising interest rates, particularly at LCL, but customer capture remained buoyant, and the number of customers taking out insurance policies was high.

## Retail banking activity in France

For **French Retail Banking**, loan production at **LCL** continued to slow in the second quarter of 2023 and stood at €7 billion, down -41.5% compared with the second quarter of 2022, in line with the overall slowdown in the market linked to the tightening of monetary conditions and with a base effect linked to a great level of production in the second quarter of 2022. The loan production in the second quarter of 2023 down -20.2% compared to the 2018-2022 loan production average. In the Small Businesses market, production was down -21.2% compared with the second quarter of 2022, -50.1% in the Corporates market and -45.6% in the Home Loans market, against a backdrop of a slowdown in the French market (-47% in home loan production according to the Banque de France, May 2023/May 2022), while lending rates for home loans continued to rise, with LCL recording an increase of 61 basis points between the second quarter of 2023 and the first quarter of 2023. The rate at signature was 3.99% (week of 17 to 21 July 2023). Outstanding loans totalled €167.3 billion at end June 2023, up +6.7% from end June 2022, of which +7.2% for home loans, +6.6% for loans to small businesses, +6.2% for corporate loans and +3.8% for consumer finance. Customer assets, which stood at €240.9 billion at end June 2023, were also up, by +4.5% compared with end June 2022, driven by on-balance sheet deposits (+5.9%) linked to growth in term deposits (2.6x compared with end June 2022 but up a moderate +8.0% compared with end March 2023) and passbook accounts (+12.2% compared with end June 2022 but virtually stable at -1.3% compared with end March 2023), with off-balance sheet savings also up compared with end June 2022 (+2.2%).

**In first half 2023**, gross customer capture stood at 175,000 new customers and net customer capture at 28,100 customers. The equipment rate for car, multi-risk home, health, legal, all mobile phones or personal accident insurance rose year-on-year by +0.5 percentage points compared to the second quarter of 2022 to stand at 27.4% at end June 2023.

## Retail banking activity in Italy

The business of **CA Italia**, the **retail bank in Italy**, continued to grow in the second quarter of 2023 in a declining market environment. Gross customer capture for the second quarter of 2023 reached 45,000 new customers, while the customer base increased by about 16,500 customers. Loan outstandings at CA Italia stood at €59.7[51] billion at the end of June 2023, up +1.5% compared to the end of June 2022 despite the declining market[52]. Loan production was down -12% (excluding Ecobonus and PGE)[53] compared with the second quarter of 2022, mainly due to the fall in home loans (down -23.5% compared with the second quarter of 2022), in line with the market[54]. However, the loan production rate was up +22 basis points compared with the first quarter of 2023 and the rate for home loans was up +43 basis points over the same period.

Consumer finance production[55] was up +3.8% compared with the second quarter of 2022. Customer assets stood at €113.2 billion at the end of June 2023, up +2.8% compared to the end of June 2022. On-balance sheet deposits improved by +5.5% compared with the second quarter of 2022, driven by corporate transactions falling due and stable individual deposits despite the attractiveness of Italian government securities. Off-balance sheet deposits remained stable compared with June 2022, but edged up by +0.2% compared with the first quarter of 2023.

---

[51] *Net of POCI outstandings*

[52] *Source: Abi Monthly Outlook, June 23: -1.9%*

[53] *"Ecobonuses" correspond to refinancing of the customer tax credit: Italian tax deductions for renovation, energy efficiency and building safety, introduced in 2021.*

[54] *Source: CRIF: -22.4% of home loan production H1/H1 in Italy, but increase in demand for home loans of +6.6 pp YoY*

[55] *Agos*

CA Italia's equipment rate in car, multi-risk home, health, legal, all mobile phones or personal accident insurance increased to 17.9% (+0.5 percentage points compared with the second quarter of 2022).

## Crédit Agricole Group activity in Italy[56]

The Crédit Agricole Group in Italy has been jointly developing retail banking and business lines. As a result, in first half 2023, the launch of CA Auto Bank will contribute to the expansion of services dedicated to car and mobility financing, both in terms of electric vehicle sharing and short- and long-term vehicle leasing. In addition, changes to the digital platform aims to accelerate synergies between entities. Finally, the launch of the Private Equity business, with its two dedicated funds - APEI-Private Equity and Ambition Agri Agro Investissement, aim, respectively to promote the investment in the non-listed SMEs as well as in the French and Italian companies specialising in the agricultural and food sectors. In addition, the Group in Italy continues to pursue its ESG strategy, enriching the existing set up with new offers aiming at financing green vehicles and proposing subsidised financing conditions for the green financing projects as well as for the cross-selling initiatives between entities.

**Loan outstandings** and **the level of inflows** stood respectively at 97 billion euros and 329 billion euros as of 30 June 2023. The number of customers reached 5.9 million at the end of June 2023, an increase of around 760,000 customers compared with the end of 2022, mainly due to the integration of CA Aurobank's customers into the scope of the entities present in Italy, as well as the dynamic customer capture at CA Italia.

**Underlying revenues** of the Italian entities rose by 20%[57] compared with first half 2022, especially at CA Italia, thanks to a net interest margin boosted by higher rates on customer loans. **Expenses** remained under control and were up slightly by 5% compared to first half 2022. Lastly, Italy's contribution to Crédit Agricole SA's **results** in the first quarter of 2023 amounted to €591 million on an underlying basis[57], representing an improvement of +32% compared with the first half of 2022.

## International Retail Banking activity excluding Italy

For **International Retail Banking excluding Italy**[58], commercial activity was brisk in Poland and Egypt. On the contrary, it continues to be heavily penalised for Ukraine against a backdrop of continuing conflict with Russia.

**International Retail Banking business excluding Italy** had **loan outstandings** of €6.9 million at the end of June 2023, down -43.2% (-39% at constant exchange rates) compared with the end of June 2022[59], and customer assets were down -31.6% (-26.7% at constant exchange rates) over the same period. At constant exchange rates, **in Poland and Egypt,** loan outstandings rose by +6.8% and customer assets by +14.4% over the same period; in **Poland**, loan outstandings rose by +6.1% compared with June 2022 across all segments. Inflows rose by +4.4% over the same period, driven by transactions on term accounts. Loan production also remained dynamic, up +12% compared to the second quarter of 2022. Lastly, gross customer capture in Poland rose by 55,000 in the second quarter of 2023 (+16,000 in customer base). In **Egypt**, between end June 2022 and end June 2023, loan outstandings increased by +10.1% at constant rate. Customer assets rose sharply by 52.9% over the same period at constant rate. Finally, since the start of 2023, Egypt has increased its active customer base by +3%.

**The surplus of deposits** for loans in Poland and Egypt amounted to €2.1 billion at 30 June 2023, and reached €3.6 billion including the Ukraine scope.

As at 30 June 2023, the **Retail banking** business line contributed 22% to the net income Group share of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre division) and 30% to underlying revenues excluding Corporate Centre.

*56 At 30 June 2023, this scope corresponds to the aggregation of all Group entities present in Italy: CA Italia, CACF (Agos, Leasys, CA Auto Bank), CAA (CA Vita and CACI), Amundi, CACIB, CAIWM*

*57 Excluding participation in Banco BPM (accounted in CC) and including the contribution of CAAB and Leasys starting from April 2023*

*58 At 30 June 2023, this scope includes the entities of CA Polska, CA Egypt and CA Ukraine.*

*59 Including Crédit du Maroc customer assets in the second quarter of 2022, the entity classified under IFRS 5 since the first quarter of 2022 and the sale of control (63.7%) in the fourth quarter of 2022. The remaining 15% is to be sold within 18 months.*

As at 30 June 2023, the equity allocated to the division was €9.4 billion, including €4.9 billion for French retail banking and €4.5 billion for International retail banking. Risk weighted assets for the division totalled €98.8 billion, including €51.7 billion for French retail banking and €47.1 billion for International retail banking.

## French retail banking results

**In the second quarter of 2023**, LCL's **revenues** were down by -5.1% compared to the second quarter of 2022, at €959 million[60]. The decrease in the net interest margin (-18.8%) is linked to the increase in the cost of client resources and refinancing and with the client rate repricing progression. Fee and commission income also rose significantly (+11.8%), driven by growth in fee and commission income from payment instruments and life and property and casualty insurance. **Expenses excluding SRF** were kept under control at -€554 million, down compared to the second quarter of 2022 (-3.2%). The cost/income ratio excluding SRF increased slightly by 1.1 percentage points to 57.7% and remains at a low level. Gross operating income fell by -5.5% to €411 million. The **cost of risk** continued to normalise, rising by +60% compared with the second quarter of 2022 to -€69 million (reversal of provisions for various claims in second quarter of 2022). The coverage ratio stood at 62.8% at the end of June, down -5 percentage points this quarter compared to the end of March 2023. The non-performing loan ratio was 1.9% at end June 2023, up slightly by 0.2 pp compared to end March 2023. As a result, **net income Group share** stood at €257 million and decreased by -11.6% compared to the second quarter of 2022.

**In first half 2023**, LCL's revenues fell by -5.1% compared with first half 2022, to €1,895 million, due to the contraction in the net interest margin (-16.7%) against a backdrop of higher refinancing and funding costs, but with an increase in fee and commission income (+8.9%), particularly for life and property and casualty insurance and payment instruments. Expenses excluding SFR were down by -1.3% and the cost/income ratio excluding SFR remained under control (+2.3 percentage points compared with first half 2022) to 60.8%. As a result, gross operating income fell by -8.1% and the cost of risk rose by +29.0%. All in all, the business-line's contribution to net income Group share stood at €409 million and was down -13.7%.

In the end, the business line contributed 11% to the **underlying net income Group share** of Crédit Agricole S.A.'s core businesses. (excluding the Corporate Centre division) in the first half of 2023 and 15% to **underlying revenues** excluding the Corporate Centre.

LCL's underlying return on normalised equity (RoNE) stood at 16.0% at end of June 2023.

## International Retail Banking results[61]

In the **second quarter of 2023**, **International Retail Banking** revenues totalled €982 million, up +20.9% (+25.6% at constant exchange rates) compared with the second quarter of 2022, driven mainly by the rise in the net interest margin against a backdrop of rising interest rates. **Operating expenses excluding SRF** remained under control despite the inflationary environment, coming in at €502 million, down slightly compared to the second quarter of 2022 (stable at constant exchange rates). As a result, **gross operating income** amounted to €479 million, an increase of +58.4% (+69.9% at constant exchange rates) compared to the second quarter of 2022. The **cost of risk** came to -€127 million, up +8.3% (+14.3% at constant exchange rates) compared to the second quarter of 2022, taking into account the conservative provisioning of CHF loans in Poland and higher provisioning for performing loans in Italy. **Income from discontinued operations** was down -74.2%, due to the disposal of the controlling interest in Crédit du Maroc in the fourth quarter of 2022[62]. **Net income Group share** of International retail banking was €197 million, up +75.0%[63] (+85.6% at constant exchange rates) compared to the fourth quarter of 2022.

*[60] Including €21m reversal of provision for Cheque Image Exchange as a specific item*

*[61] At 30 June 2023 this scope includes the entities CA Italia, CA Polska, CA Egypt and CA Ukraine.*

*[62] The Crédit du Maroc entity has been classified under IFRS 5 since the first quarter of 2022 and the disposal of the controlling interest (63.7%) took place in the fourth quarter of 2022. The remaining 15% is to be sold within 18 months; Crédit du Maroc's contribution to net income was €2.8 m in Q2 2023 (€8.8m in Q2 22) and €4.5m in H1 23 (€1.4m in H1 22).*

*[63] Provisions of -€195 million for Ukraine risk, adjusted to underlying income for Q1-2022*

For **first half 2023**, **International Retail Banking revenues** rose by 22.0% to €1,951 million (+26.9% at constant exchange rates). **Expenses excluding SRF** were kept under control at €987 million, stable compared with first half 2022 (+2.3% at constant exchange rates). **Gross operating income** totalled €924 million, up +61.4% (+73.1% at constant exchange rates). The **cost of risk** fell by -38.2% (-29.5% at constant exchange rates) to -€241 million compared to the second half 2022, mainly due to the conservative provisioning for Ukraine risk, which was adjusted to underlying income for the first quarter of 2022 (provisions of - €195 million for Ukraine risk, adjusted to underlying income for Q1-2022). All in all, **net income Group share** of **International retail banking** was €375 million, compared to €13 million in the fourth quarter of 2022[Erreur ! Signet non défini.].

In the first half of 2023, the International retail banking business line contributed 11% to the underlying net income Group share of Crédit Agricole S.A.'s core businesses (excluding Corporate Centre) and for 15% to underlying revenues excluding Corporate Centre.

## Italian retail banking results

In **the second quarter of 2023**, **Crédit Agricole Italy revenues** stood at €760 million, up +22.2% compared to the second quarter of 2022. The rise in rates continues to benefit the net interest margin(+43.6%), which has a positive impact on loan production rates, which increased by +22 basis points between the first and second quarter of 2023, but also via the revaluation of the rate on the stock of loans on the asset side by +38 basis points over the same period. **Operating expenses excluding SRF** were stable compared to the second quarter of 2022, coming in at -€397 million. Adjusted for Créval integration costs[64] in the second quarter of 2022, they were up +6.7%, reflecting the increase in business. All in all, gross operating income increased by +65.6% compared to the second quarter of 2022 to €363 million. The **cost of risk** amounted to -€89 million in the second quarter, up +20.4% compared to the second quarter of 2022, including -€44 million for proven risk and -€45 million in provisioning for performing loans. Cost of risk on outstandings[65] stood at 57 basis points, up 3 basis points compared to the first quarter of 2023. The Non-Performing Loans ratio stands at 3.5%, down slightly from the second quarter of 2022, and the coverage ratio stands at 67.7% (-0.9 percentage points compared to the first quarter of 2023). This translates into a **net income Group share** of €150 million for CA Italia, up +65.8% compared to the second quarter of 2022.

In **first half 2023**, **revenues** for **Crédit Agricole Italia** rose +22.5% to €1,520 million. **Expenses excluding SRF** stood at €769 million, stable[66] compared to first half 2022. **Gross operating income** thus stood at €712 million, an increase of +64.6% compared to the second quarter of 2022. The **cost of risk** rose by +25.8% to €150 million compared to the second half 2022, mainly due to the increase in provisions for performing loans (+€41 million), with defaults remaining limited. As a result, **net income Group share** of CA Italia totalled €310 million, an increase of +70.4% compared to first half 2022.

CA Italia's underlying RoNE (return on normalised equity) was 21.9% at 30 June 2023.

*64 +6.7% excluding Creval integration costs of -€22 million adjusted to underlying income for Q2 2022*
*65 Over a rolling four quarter period.*
*66 Up +3.9%, adjusted for Creval integration costs of -€30m in H1-22 on an underlying basis*

### International Retail Banking results – excluding Italy[67]

In the **second quarter of 2023**, **revenues** for **International Retail Banking excluding Italy** totalled €222 million, up +16.9% (+39.1% at constant exchange rates) compared to the second quarter of 2022. The increase in revenues was driven by the net interest margin, which rose sharply against a backdrop of rising interest rates, particularly in Poland and Egypt (+20.4% compared with the second quarter of 2022, +41.7% at constant exchange rates), as a result of higher lending prices and volumes. **Operating expenses excluding SRF** remained under control at €106 million, stable compared with the second quarter of 2022 (up 9.5% at constant exchange rates). **Gross operating income** amounted to €116 million, an increase of +39.6% (+84.7% at constant exchange rates) compared to the second quarter of 2022. The **cost of risk** reached -€38 million, down -12.3%, (+2.1% at constant exchange rates) taking into account the provisioning of CHF loans in Poland, bringing the provisioning rate for CHF loans in Poland above 74% (compared with around 55% in the first quarter of 2023). Furthermore, at end June 2023, the coverage ratio for loan outstandings remained very high in Poland and Egypt, at 122% and 146% respectively; in Ukraine, the local coverage ratio was 30%. **Income from discontinued operations** was down -74.2% due to the disposal of the controlling interest in Crédit du Maroc in the fourth quarter of 2022[67]. All in all, **International Retail Banking excluding Italy** contributed €47 million to net income Group share, x2.1 (x3 at constant exchange rates) compared to the second quarter of 2022.

In **first half 2023**, **revenues** for **International Retail Banking excluding Italy** totalled €430 million, up +20.3% (+45.1% at constant exchange rates) compared to second quarter 2022, driven by the increase in the net interest margin. **Operating expenses excluding SRF** were stable at -€218 million (+0.2% compared with first half 2022, up +11.9% at constant exchange rates). Thanks to the strong growth in revenues, **gross operating income excluding SRF** came to €212 million, up by +51.6% (x2 at constant exchange rates) compared with first half 2022. The **cost of risk** amounted to -€91 million, a decrease of -66.3% (-59% at constant exchange rates) compared with first half 2022, which had been impacted by the provisioning of -€195 million for Ukraine, adjusted to underlying income for the first quarter of 2022. **Income from discontinued operations** fell by -62.9%, related to the disposal of the controlling interest in Crédit du Maroc in the fourth quarter of 2022. Finally, the contribution of International Retail Banking excluding Italy to **net income Group share** was €65 million (versus -€169 million in first half 2022, impacted by the provisioning for Ukraine).

The underlying RoNE (return on normalised equity) of International Retail Banking excluding Italy stood at 21.5% at 30 June 2023.

## Corporate Centre results

The “internal margins” effect at the time of the consolidation of the insurance activities at the Crédit Agricole level was accounted through the Corporate Centre, contributing to a further reduction in the cost/income ratio of Crédit Agricole S.A. The impact of internal margins was -€206 million in revenues and +€206 million in expenses.

The underlying net income Group share of Corporate Centre was -€16 million in second quarter 2023, up by +€36 million compared with second quarter 2022. The contribution of the Corporate Centre division can be analysed by distinguishing between the “structural” contribution (-€107 million) and other items (+€91 million).

The contribution of the “structural” component increased by +€22 million compared to second quarter 2022 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 was -€261 million in the second quarter of 2023, down by -€95 million, including a drop in revenues linked mainly to a base effect on the TLTRO and on the home purchase savings provision.
- The businesses that are not part of the business lines, such as CACIF (Private equity), CA Immobilier and BforBank (equity-accounted). Their contribution was +€147 million in the second quarter of 2023,

[67] *The Crédit du Maroc entity has been classified under IFRS 5 since the first quarter of 2022 and the disposal of the controlling interest (63.7%) took place in the fourth quarter of 2022. The remaining 15% is to be sold within 18 months; Crédit du Maroc’s contribution to net income was €1.6m in Q2 2023 (€10.1m in Q2 22) and €4.5m in H1 23 (€7.1m in H1 22).*

reflecting the positive impact of the revaluation of Banco BPM shares (+€138 million, with a share price of at 30 June 2023 €4.26).

- Group support functions. Their contribution amounted to +€7 million this quarter (+€3 million compared with second quarter 2022).

The contribution of “other items” was up by +€14 million compared to second quarter 2022.

The underlying net income Group share of the Corporate Centre division in first half 2023 was -€321 million, down -€58 million compared to first half 2022. The structural component contributed -€487 million, while the division’s other items contributed +€167 million over the half-year.

The “structural” component contribution was down -€70 million compared with first half 2023 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 -€647 million for first half 2023, down by €191 million compared with first half 2022;
- Business lines not attached to the core businesses, such as Crédit Agricole CIF (private equity) and CA Immobilier and BforBank: their contribution, which stood at +€151 million in first half 2023, increased +€120 million compared to first half 2022.
- Group support functions: their contribution was +€9 million in first half 2023 compared to a neutral contribution in first half 2022.

The contribution of “other items” was up +€12 million compared to first half 2022.

At 30 June 2023, risk-weighted assets stood at €26.2 billion.

*    *

*

# Financial strength

## Crédit Agricole Group

As at 30 June 2023, the **phased-in Common Equity Tier 1 (CET1) ratio** of Crédit Agricole Group was 17.6%, unchanged from end March 2023. Consequently, Crédit Agricole Group had a substantial buffer of 8.4 percentage points between the level of its CET1 ratio and the SREP requirement of 9.2%,[68] which is the largest SREP gap among European G-SIBs[69]. The fully loaded CET1 ratio is 17.4%.

During second quarter 2023:

- The CET1 ratio benefited this quarter from an impact of +30 basis points related to **retained earnings**, which exceeds the organic growth of the business lines,
- Changes in risk weighted assets related to **business line organic growth** impacted the Group's CET1 ratio by -28 basis points, which corresponds to an increase in the business lines' risk weighted assets (of which +€2.1 billion for the Regional Banks),

The phased-in **Tier 1 ratio** stood at 18.8% while the **phased-in total** ratio was 21.5% at end June 2023.

The **phased-in leverage ratio** stood at 5.6%, well above the regulatory requirement of 3.5%. In addition to the minimum requirement of 3% in effect since 1 January 2023, and only for global systemically important institutions (G-SII), a leverage ratio buffer will be added, defined as half of the G-SII buffer of the entity, which amounts to 0.5% for the Crédit Agricole Group.

**Risk weighted assets** for the Crédit Agricole Group amounted to €595.8 billion, up by +€11.6 billion compared to 31 March 2023. **The organic growth of the business lines** (including foreign exchange) contributed +€9.2 billion to this increase, of which +€2.1 billion of risk weighted assets at the Regional Banks. **Mergers and acquisitions** related to the restructuring of the partnership between CACF and Stellantis contributed +€2.7 billion to the growth of RWAs, while methodology and regulatory effects had a slightly positive effect of -€0.3 billion in the quarter.

### Maximum Distributable Amount (MDA and L-MDA) trigger thresholds

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 capital buffer requirements.

The distance to the MDA trigger is the lowest of the respective distances to the SREP requirements in CET1 capital, Tier 1 capital and total capital.

At 30 June 2023, **Crédit Agricole Group** posted a buffer of **778 basis points above the MDA trigger, i.e. €46 billion in CET1 capital**.

At 30 June 2023, **Crédit Agricole S.A.** posted a buffer of **338 basis points above the MDA trigger, i.e. €13 billion in CET1 capital**.

Failure to comply with the leverage ratio buffer requirement would result in a restriction of distributions and the calculation of a maximum distributable amount (L-MDA).

At 30 June 2023, **Crédit Agricole Group** posted a buffer of **213 basis points above the L-MDA trigger, i.e. €42 billion in Tier 1 capital**.

[68] *At 30 June 2023, increase in the countercyclical buffer (to 40 bps at 30/06/2023 from 7 bps at 31/03/2023), raising the SREP requirement to 9.2%.*

[69] *Based on public data of the 12 European G-SIBs as at 30/06/2023 for CAG, BPCE, BNPP, Deutsche Bank, Santander, UniCredit, Barclays, HSBC, Standard Chartered, ING, Société Générale, and as at 31/03/2023, for UBS. CASA data (30/06/2023). Distance to SREP or requirement in CET1 equivalent.*

## 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 0.40% for the CA Group at 30/06/23). Considering the combined capital buffer requirement, the Crédit Agricole Group must adhere to a TLAC ratio of above 21.9%;
- 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 preferred debt.**

At 30 June 2023, **Crédit Agricole Group's TLAC ratio** stood at **27.1% of RWA and 8.1% of leverage ratio exposure, excluding eligible senior preferred debt,**[70] which is well above the requirements. The TLAC ratio expressed as a percentage of risk weighted assets fell by 30bps over the quarter, reflecting the increase in RWAs, which was not offset by the increase in equity and eligible items over the period. Expressed as a percentage of leverage exposure (LRE), the TLAC ratio was up +20 basis points compared to March 2023[71].

The Group thus has a TLAC ratio excluding eligible senior preferred debt that is 520 bps, i.e. €31 billion, higher than the current requirement of 21.9% of RWA.

At end-June 2023, €2.2 billion equivalent was issued in the market (senior non-preferred and Tier 2 debt) on top of the €1.25 billion of AT1. The amount of Crédit Agricole Group senior non-preferred securities taken into account in the calculation of the TLAC ratio was €27.5 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, Crédit Agricole Group has been requested 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 0.40% for the CA Group at 30/06/23). Considering the combined capital buffer requirement, the Crédit Agricole Group must adhere to a total MREL ratio of above 24.9%;
- 6.02% of the LRE.

At 30 June 2023, **Crédit Agricole Group had a MREL ratio of 32.1% of RWA and 9.6% 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, similar to TLAC, which ratio is equivalent to the subordinated MREL for the Crédit Agricole Group. Since 1 January 2022, this subordinated MREL requirement for the Crédit Agricole Group did not exceed the TLAC requirement.

---

[70] *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 (CRR) to use senior preferred debt for compliance with its TLAC requirements in 2023.*

[71] *The presentation on the balance sheet of the revaluation difference of rate-hedged portfolios was reclassified between assets and liabilities as of March 31, 2023, generating an adjustment to the TLAC ratio of +6bp*

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 2023, **Crédit Agricole Group** had a buffer of **520 basis points above the M-MDA trigger, taking into account the TLAC requirement applicable at 30 June 2023**, **i.e. €31 billion of CET1 capital.**

## Crédit Agricole S.A.

At 30 June 2023, Crédit Agricole S.A.'s solvency ratio was higher than the Medium-Term Plan target, with a phased-in **Common Equity Tier 1 (CET1) ratio of 11.6%**, stable compared to end March 2023. Crédit Agricole S.A. therefore had a substantial buffer of 3.4 percentage points between the level of its CET1 ratio and the 8.2% SREP requirement [72]. The buffer is lower than the 3.7 percentage points at end March 2023 due to the impact of the increase in the countercyclical buffer. The fully loaded CET1 ratio reached 11.5% in second quarter 2023:

- The CET1 ratio benefited this quarter from a positive impact of +21 basis points linked to **retained earnings**. This impact corresponds to net income Group share net of AT1 coupons and the distribution of 50% of income, i.e. a provision for dividends of €0.32 per share for the second quarter of 2023, and a provision for dividends of €0.50 per share for first half 2023,
- The change in risk weighted assets due to **organic growth in the business lines** impacted the CET1 ratio by -21 basis points, including an increase of +€5.2 billion in the risk weighted assets of the SFS division due to the strong momentum generated by the launch of Crédit Agricole Auto Bank, an increase of +€3.1 billion in the risk weighted assets of the Large Customers division, mainly due to the increase in market RWAs (VaR, SVaR and Counterparty Risk in the Trading Book), and a decrease of -€1.6 billion in the risk weighted assets of Insurance as a result of the decline in equity-accounted value[73] following the payment of the final dividend for the 2022 financial year,
- **Methodology and regulatory effects** mainly concern irrevocable payment undertakings (IPU). This item had a negative impact of -3 basis points on the CET1 ratio,
- Finally, **mergers and acquisitions, OCI and other items** had a negative impact of -2 basis points on the CET1 ratio, and mainly related to the restructuring of the partnership between CACF and Stellantis (-3 basis points).

The phased-in **leverage ratio** was 4.0% at end June 2023, up +0.2 percentage point compared to end March 2023[74] and above the 3% requirement.

The phased-in **Tier 1 ratio** stood at 13.5% and the phased-in total ratio at 17.6% this quarter.

**Risk weighted assets** for Crédit Agricole S.A. amounted to €376.9 billion at 30 June 2023, up by +€8.8 billion compared to 31 March 2023. **The business lines' RWA contribution** (including foreign exchange impact) was +€6.4 billion, including an increase of +€5.2 billion in the risk weighted assets of the SFS division due to the strong momentum generated by the launch of Crédit Agricole Auto Bank, an increase of +€2.9 billion in the risk weighted assets of the Large Customers division, mainly due to the increase in market RWAs (VaR, SVaR and Counterparty Risk in the Trading Book), and a decrease of -€1.9 billion in the risk weighted assets of Insurance as a result of the decline in equity-accounted value following the payment of the final dividend for the 2022 financial year, **Mergers and acquisitions** related to the restructuring of the partnership between CACF and Stellantis contributed +€2.7 billion to the growth of RWAs, while **methodology and regulatory effects** had a slightly positive effect of -€0.3 billion in the quarter.

*[72] At 30 June 2023, increase in the countercyclical buffer (buffer of 34 bps at 30/06/2023 vs. 8 bps at 31/03/2023), raising the SREP requirement to 8.2%.*

*[73] Change in equity-accounted value excluding OCI*

*[74] The presentation on the balance sheet of the revaluation difference of interest rate hedged portfolios was reclassified between assets and liabilities as of March 31, 2023, generating a leverage ratio adjustment of +4 bp*

# 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 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 €39 billion at end-June 2023. Similarly, €130 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 €195 billion at end-June 2023 – relate to derivatives, margin calls, adjustment/settlement/liaison accounts and to non-liquid securities held by Corporate and Investment banking (BFI) 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 (€91 billion at end-June 2023) 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 issuances 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 repurchase agreements 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 €1,640 billion at 30 June 2023, the Group's banking cash balance sheet shows **a surplus of stable funding resources over stable application of funds of €172 billion**, down -€45 billion compared to end-march 2023 due to the €12 billion increase in refinancing needs resulting from commercial activity (€22 billion increase in loans and €10 billion increase in customer-related funds), and the repayment of TLTROs in June (€48bn) partially offset by medium to long-term market funds raised.

Total TLTRO 3 outstandings for Crédit Agricole Group amounted to €45.5 billion[75] at 30 June 2023, down -€48 billion[76], which were repaid during the quarter. It should be noted, with regard to the position in stable ressources, that internal management excludes the temporary surplus of stable resources provided by the increase in T-LTRO 3 outstandings in order to secure the Medium-Term Plan's target of €110 billion to €130 billion, regardless of the repayment strategy.

[75] *Including CA Auto Bank*

[76] *Including CA Auto Bank*

Furthermore, given the excess liquidity, the Group remained in a short-term lending position at 30 June 2023 (central bank deposits exceeding the amount of short-term net debt).

**Medium-to-long-term market funds stood at €260 billion at 30 June 2023**, down -€35 billion compared to end-March 2023, due to the repayment in June 2023 of €48 billion of TLTRO 3 resources.

They included senior secured debt of €113 billion, senior preferred debt of €96 billion, senior non-preferred debt of €30 billion and Tier 2 securities amounting to €21 billion.

**The Group's liquidity reserves, at market value and after haircuts, amounted to €334 billion at 30 June 2023,** down -€123 billion compared to end-March 2023. They covered short-term net debt more than two times over (excluding the replacements with Central Banks).

This decrease in reserves is mainly explained by the impact of the end of the "ACC[77] real estate" channel for -€114 billion and the normalization of the haircuts from Banque the France on other eligible claims (temporarily eased during Covid crisis) for -€5 billion.

The issuance program of the new CA HL SFH (Crédit Agricole Home Loan SFH), which has received ACPR/BCE approval on 18 July 2023 and which claims were issued at the end of July 2023, is expected to rebuild around +€70 billion of ECB-eligible reserves.

The overall level of liquidity reserves will remain at a very high level, estimated at around €404 billion pro-forma 30 June 2023.

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 €54 billion.

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

**At 30 June 2023, the average year-on-year LCR ratios were respectively 157.3% for Crédit Agricole Group and 146.4% for Crédit Agricole S.A.** The month-end LCR ratios were respectively 142.9% for Crédit Agricole Group (a surplus of €84.3 billion) and 140.3% for Crédit Agricole S.A. (a surplus of €72 billion). They were higher than the Medium-Term Plan target (around 110%).

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 above the Medium-Term Plan target (>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 30 June 2023, the Group's main issuers raised the equivalent of €38.4 billion**[78,79] **in medium-to-long-term debt through the open market**, 51% of which was issued by Crédit Agricole S.A. Significant events for the Group were as follows:

- Crédit Agricole CIB issued €8.6 billion in structured format;
- Crédit Agricole Italia completed a new issuance in covered bond format in June for €1 billion with a six-year term;
- Crédit Agricole Consumer Finance issued €2.8 billion in ABS securitisations;
- Crédit Agricole Auto Bank (CAAB), the new name of FCA Bank, extended its access to the market with a new senior preferred issuance in June for €600 million with a three-year term;
- Crédit Agricole Next Bank (Switzerland) carried out a covered bond issuance in June with three- and seven-year terms (green format) for CHF 100 million each.

The Group's medium-to-long-term financing can be broken down into the following categories:

[77] *Additional Credit Claims*
[78] *Gross amount before buy-backs and amortisations*
[79] *Excl. AT1 issuances*

- €10.5 billion in secured financing;
- €14.9 billion in plain-vanilla unsecured financing;
- €9.0 billion in structured financing;
- €4.0 billion in long-term institutional deposits and CDs.

In addition, €12.2 billion was raised through off-market issuances, split as follows:

- €8.6 billion from banking networks (the Group's retail banking or external networks);
- €2.2 billion from supranational organisations or financial institutions;
- €1.4 billion from national refinancing vehicles (including the credit institution CRH).

**At 30 June 2023, Crédit Agricole S.A. raised the equivalent of €19.7 billion[80],[81] through the open market:**

The bank raised the equivalent of €19.7 billion, of which €1.8 billion in senior non-preferred debt, €0.4 billion in Tier 2 debt, €11.8 billion in senior preferred debt and €5.8 billion in senior secured debt. The financing comprised a variety of formats and currencies:

- €11.8 billion;
- 4.1 billion US dollars (€3.8 billion equivalent);
- 1.3 billion pounds sterling (€1.4 billion equivalent);
- 172 billion Japanese yen (€1.1 billion equivalent);
- 0.8 billion Swiss francs (€0.8 billion equivalent);
- 0.9 billion Australian dollars (€0.6 billion equivalent);
- 0.5 billion Singapore dollars (€0.4 billion equivalent).

Crédit Agricole S.A. has announced an increase in its 2023 refinancing plan from €19 billion[82,83] to €25 billion in order to support its strong commercial momentum and to maintain its regulatory ratios at a high level.

Since end June 2023, Crédit Agricole S.A. has raised an additional €0.6 billion, including a €0.5 billion senior secured issue through the CA PS SCF vehicle and a CNY1 billion senior preferred issue in Panda format (€126 million equivalent). At end July 2023, the MLT financing plan thus stood at €20.4 billion, or 81% of the 2023 programme.

Note that on 3 January 2023, Crédit Agricole S.A. issued a PerpNC6 AT1 bond for €1.25 billion at an initial rate of 7.25%.

---

*[80] Gross amount before buy-backs and amortisations*
*[81] Excl. AT1 issuances*
*[82] Gross amount before buy-backs and amortisations*
*[83] Excl. AT1 issuances*

# Economic and financial environment

## First half

**In the first half of the year, inflation in the major developed economies continued to fall, while still remaining high (especially core inflation), and monetary tightening continued. The momentum of the post-Covid recovery continued to ease off and growth rates dipped. Drastic recessions were avoided particularly because of the buffers left over from the pandemic, namely private savings which, although diminishing, were still abundant, and labour markets which had proved fairly resilient.**

**Inflation: fall in headline inflation, slow progress for core inflation**

Value chains, congested at the end of the Covid pandemic due to demand very quickly outpaced supply, and commodity markets, disrupted by the war in Ukraine, gradually returned to normal. Energy, manufacturing and food commodity prices fell, as did transport costs. At end-June 2023, for example, prices of oil, iron ore, wheat and sea freight were down year-on-year by close to 34%, 7%, 21% and 50% respectively. This upstream disinflation led to a rapid and largely automatic fall in headline inflation.

In the United States, year-on-year price inflation fell to 6.4% in December and then to 3% in June, having peaked at 9% in June 2022. Meanwhile, core inflation remained high at 4.8% in June, after peaking at 6.5% in March 2022. In the eurozone, after peaking at 10.6% in October 2022, inflation ticked down to 9.2% in December and then 5.5% in June. After peaking at 5.7% in March 2023, core inflation has been falling only very slowly (5.4% in June). Although a wage-price spiral cannot be blamed for this, despite a buoyant labour market, core inflation has been resistant. This is because increases in upstream costs have been spread across all prices and the increased consumption of services has taken over from the consumption of goods.

**Growth: more robust than expected but slowing significantly**

Although growth in the **United States** has continued to be revised upwards, it regressed slightly (annualised quarterly rate of 2% in the first quarter, versus 2.6% and 3.2% in the fourth and third quarters of 2022 respectively). In contrast to brisk consumption (growth of 4.2% in the quarter, and contribution to growth of 2.8 percentage points, or pp), productive investment turned in a mediocre performance (virtually zero contribution) and residential investment continued to contract (-4%, down for the eighth consecutive quarter, which is a cumulative drop of 22% between first quarter 2021 and first quarter 2023). Inventory changes were the main drag on growth in the first quarter with a contribution of -2.1 pp. This was due to major destocking and a slowdown in investment. Although corporate profits fell sharply for the second consecutive quarter, the financial position of households improved: after seven consecutive quarters of reduced spending power, real disposable income grew by 2.9%. The savings rate (4.3%) recovered slightly, but has remained below its pre-Covid average (7.9%, 2017–2019) since mid-2021. For its part, the labour market has held up well: since March 2022, the unemployment rate has hovered between 3.4% and 3.7% and stood at 3.6% in June.

There was also a marked slowdown in the **eurozone**: GDP growth (year-on-year) fell from 1.8% in the fourth quarter of 2022 to 1% in first quarter of 2023. Business activity subsequently fell again by 0.1% (quarter-on-quarter), dragged down by growth in Germany (-0.3%), which also recorded two consecutive quarters of decline. Although domestic demand once again made a negative contribution to growth (-0.3 points), this was modest compared to the previous quarter (-1.2 points). With inflation easing from its peak in the fourth quarter of 2022, household consumption fell for the second consecutive quarter (-0.3%), even though this was less than in the previous quarter (-1%). Investment picked up (+0.6%, following -3.5%), but growth remained modest. Foreign trade's positive contribution to growth was once again due to a sharper fall in imports than exports.

As suggested by a number of indicators, the period of sustained expansion was therefore coming to an end, particularly in the manufacturing sector. That said, the reduction of business in this sector has not yet translated into an increase in corporate failures. These have remained relatively few across the economy as a whole. The unemployment rate of 6.5% in May 2023 showed little change from one month earlier but was down slightly from one year earlier (6.7% in May 2022).

In **France**, after an abrupt slowdown in the second half of 2022, growth proved resilient, remaining positive at the start of the year (0.2% in first quarter 2023). However, this apparent robustness masked the weakness of domestic demand. While foreign trade continued to drive growth, household consumption failed to rebound in the first quarter. After contracting in the fourth quarter of 2022, it was only stable in the first quarter of 2023 and remains below its pre-pandemic level. Goods consumption fell sharply, impacted most notably by food consumption (year-on-year food inflation was still 13.7% in June, after having reached 15.9% in March). Household investment was also down sharply for the third consecutive quarter. Lastly, monetary tightening began having an impact on investment by non-financial companies; this declined for the first time since the third quarter of 2021.

**Ongoing monetary tightening and interest rate hikes**

**Since the beginning of 2022, central banks have been prioritising the fight against inflation**. Both the Federal Reserve and the ECB have steadfastly introduced aggressive policies to raise key interest rates. Since March 2022 in the United States and July 2022 in the eurozone, interest rates have risen by 500 and 400 basis points (bp) respectively to stand at 5.25% (Federal Funds Rate Upper Limit) and 4% (refinancing rate) at the beginning of July 2023.

Alongside this monetary tightening, short maturities of the yield curve (two-year swap rates or sovereign rates) rallied sharply. On the other hand, yields on long maturities (ten-year rates) had less of a “climb”. This was due to the nature of inflation – considered more of a shock than an ongoing, steady increase – fears of a slowdown and central banks’ determination to get inflation down to their targets. **Interest rate curves have therefore inverted.** Equity markets performed particularly well at the beginning of the year, based on the view that there would be a vigorous recovery in China after it abandoned its zero-Covid policy and an imminent pivot in monetary policy (imminent end to the hike in key interest rates rapidly followed by a reduction).

However, these movements were briefly interrupted in March when US monetary tightening claimed its first banking victims in the US (the most notable being the collapse of Silicon Valley Bank)[84] followed by a carbon copy in Europe caused by the vicissitudes of Crédit Suisse. These two events brought the issue of financial stability back to the fore and triggered a temporary upturn in risk aversion (fall in equities and “risk-free” sovereign rates, wider credit spreads) and expectations of rapid monetary easing. Central banks nevertheless reaffirmed their commitment to fighting inflation and to dealing with the sources of financial instability using ad hoc measures. The Fed unveiled a new instrument of monetary policy to help banks meet potential liquidity requirements.[85] It then continued its monetary tightening, as did the ECB. After a turbulent March, the markets calmed down again.

At 30 June 2023, US two- and ten-year sovereign yields stood at 5.0% and 3.9%, a year-on-year rise of around 200 bp and 80 bp respectively (+50 bp and -2 bp in the first half of 2023). German two- and ten-year sovereign yields were 3.2% and 2.4%, a year-on-year rise of 270 bp and 100 bp respectively (+50 bp and -20 bp in the first half of the year). Despite the end of the ECB’s bond purchase programme under the APP (Asset Purchase Programme) and major TLTRO maturities at the end of June, the risk premiums paid by non-core and semi-core countries remained close, contrary to what some may have feared. At 30 June, French and Italian spreads stood at approximately 55 bp and 170 bp respectively against the Bund (declines of around 5 bp and 35 bp respectively since the start of the year). In addition, equity markets posted strong gains: the S&P 500, Eurostoxx 50 and CAC 40 indexes rose by 16%, 14% and 12% respectively during the first half of the year. Over the same period, the euro (at 1.09 against the dollar) appreciated by 2.2%.

[84] *A regional bank specialised in financing tech start-ups and companies, sectors that have experienced difficulties in raising funds in a context of monetary tightening and that consume high levels of cash. To cope with its customers’ withdrawals, SVB had to sell $21 billion of US bonds and registered a loss of $1.8 billion due to the bonds having lost their value on the secondary market on account of the rise in interest rates. Poorly capitalised and coping with potential capital losses on its securities portfolio, SVB launched a capital increase that failed. This led to a bank run (mass withdrawals from its customers) that the bank was unable to withstand, precipitating its bankruptcy. Furthermore, due to its relatively small size, the bank had benefited from more relaxed banking regulations sanctioned by the Trump administration. As a result, the bank’s potential losses and low capitalisation had not been detected upstream.*

[85] *Loans of up to one year in length against collateral such as US Treasuries valued at par rather than market value. This eliminates the risk of unrealised losses that can occur very suddenly when a bank is forced to sell assets (as was the case with SVB).*

Finally, the Livret A passbook accounts rate rose from 2% (the level at which it had been since August 2022) to 3% in February 2023. It was decided in mid-July to keep it at 3% until the start of 2025.

## Outlook

With the labour market holding up well and savings still abundant, albeit diminishing, household consumption absorbed the drain on spending power and monetary tightening better than feared. Growth held up better than expected, as did core inflation.

Business activity is nevertheless decelerating, as indicated by surveys suggesting a widespread global slowdown. Developing a scenario of deceleration without collapse presupposes a slow decline in inflation easing revenues and putting an end to key rate hikes.

**Global environment**

In the **United States**, cracks are beginning to appear and are getting wider as the repressive effects of monetary and financial tightening are being felt. Residential investment has already been significantly curtailed, and productive investment is likely to contract in turn. Consumers, who had been shoring up growth, have been dipping into savings and resorting to credit, and could be less confident and less extravagant going forwards. While better-than-expected employment figures may provide a softer landing, the risk of a recession will still loom in the second half of the year. A moderate recession would lead to average growth of 1.2% in 2023 and then just 0.7% in 2024. This ultimately natural slowdown is based on the assumption that headline inflation and especially core inflation will continue to decline, ending 2023 at around 3.2% and 3.6% respectively, before both approaching 2.5% at the end of 2024. The risk to this scenario is that inflation will be more persistent than predicted and lead to a monetary scenario that is more aggressive than anticipated.

Far from the hoped-for recovery, **China** is struggling to regain its momentum. A profound confidence crisis among households (fear of unemployment, precautionary savings) together with unresolved turbulence in the property market continues to dampen domestic demand. This translates into inflation so low as to threaten deflation. The Chinese authorities cannot ignore the fact that the recovery is not living up to its promises, but they lack the appropriate tools to stimulate consumption. The annual growth target cautiously announced by the authorities of "around 5%" should be achieved (favourable base effects) but there are doubts about China's ability to maintain this pace.

**Eurozone including France**

In the **eurozone**, the scenario assumes modest growth of 0.6% in 2023 and 1.3% in 2024 – still below its potential rate – based on average headline inflation falling from 8.4% in 2022 to 5.5% in 2023 and 2.9% in 2024. **The (actual and forecast) fall in the growth rate is fairly drastic: rather than heralding a recession, it “normalises” behaviours**.

The factors underpinning this normalisation scenario remain. Corporate failures are still relatively few and limited to specific sectors (hospitality, transport and logistics); the labour market is holding up well; corporate profits are “acceptable”, with businesses having, in certain sectors, restored their margins thanks to the rise in prices. In addition, the expected decline in inflation should limit the extent to which business activity is weakened: consumption should benefit from the improvement in real income as well as excess savings available to the wealthiest households, even though a large portion of this surplus has already been turned into non-liquid property and financial assets. Meanwhile, non-housing investment is expected to remain steady thanks to the decline in the cost of intermediate goods and strong support from European funds. **Most factors, however, are threats**: there are fears of tighter credit conditions (which could shift growth normalisation towards a sharper correction) and an anticipated margin squeeze.

Unlike some European countries, **France** was able to avoid a technical recession at the beginning of the year. However, growth drivers are “seizing up”. Household consumption has already fallen as a result of inflation. Furthermore, the rise in interest rates designed to counter inflation is weighing on household investment and will contribute to the slowdown in investment on the part of non-financial companies. Growth is expected to decline sharply in 2023, from 2.5% in 2022 to 0.6%. In 2024, a slow recovery with growth of 1% could be on the cards.

**Monetary policy and interest rates**

While the sharp fall in headline inflation has mostly been automatic, the resilience of core inflation, itself fuelled by stronger-than-expected growth, has led central banks to be more aggressive. Provided that inflation, and especially core inflation, continues to fall, the end of key rate hikes can be expected soon. Long rates could then slowly move towards a modest decline.

In June, following ten consecutive rate hikes totalling 500 basis points, the **Federal Reserve** opted for the status quo (Federal Funds Rate Upper Limit at 5.25%), pointing out that there could be further hikes and delivering a *dot plot*[86] that suggested a further tightening of 50 basis points (bp), which is an aggressive forecast. The fear of a recession coupled with the fact that inflation is still too high argues in favour of an increase limited to 25 bp, as the market has suggested. The Fed Funds could therefore reach their peak in the summer (Upper Limit at 5.5%). There could be a gradual monetary easing from the second quarter of 2024 (25 bp per quarter), leaving the Upper Limit at 4.75% at the end of 2024.

The **ECB** is likely to maintain a restrictive, or even a highly restrictive, monetary policy over the coming quarters since inflation is falling too slowly and is still nowhere near target. The ECB is therefore likely to raise rates twice (in July and September, taking the deposit rate to 4%) while continuing its policy of quantitative tightening: reinvestments under the APP would end in July 2023 while those up to the end of 2024 under the PEPP would continue; TLTRO repayments would continue until the end of 2024 (but more gradually after the June 2023 repayment). There would be no cut in key rates before the end of 2024 (-50 bp).

By prioritising the fight against inflation, monetary strategies have helped limit the de-anchoring of inflation expectations and long-rate over-reaction, but they have promoted inverted interest rate curves and low or even negative real yields. Barring any inflation surprises, the risk of a rise in “risk-free” long rates and a noticeable widening of sovereign spreads within the eurozone is limited. The risk of an inverted curve over the long term is very real; our scenario assumes a slightly positive slope (2/10-year swap rate) from 2025 onwards. The US and German 10-year rates are expected to be approximately 3.75% and 2.60% respectively at the end of 2023, then

[86] *A chart showing the projected key interest rates of each FOMC (Federal Open Market Committee) member. The dots/projections reflect what each member believes to be the appropriate federal funds rate at the end of the next three years and in the long term.*

falling slightly to 3.50% and remaining stable. The spreads against the Bund are predicted to be 65 bp for France and 200 bp for Italy at end-2023. Finally, our scenario banks on the euro being around 1.10 against the dollar at the end of 2023.

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

## Credit Agricole Group – Specific items, Q2-23, Q2-22, H1-23 and H1-22

| €m | Q2-23 | | Q2-22 | | H1-23 | | H1-22 | |
|---|---|---|---|---|---|---|---|---|
| | *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) | (15) | (11) | 22 | 16 | (23) | (17) | (9) | (6) |
| Loan portfolio hedges (LC) | (1) | (1) | 57 | 42 | (25) | (18) | 74 | 55 |
| Home Purchase Savings Plans (LCL) | - | - | 29 | 21 | - | - | 34 | 26 |
| Home Purchase Savings Plans (CC) | - | - | 35 | 26 | - | - | 53 | 39 |
| Home Purchase Savings Plans (RB) | - | - | 342 | 254 | - | - | 412 | 306 |
| Mobility activities reorganisation (SFS) | 299 | 214 | - | - | 299 | 214 | - | - |
| Check Image Exchange penalty (CC) | 42 | 42 | - | - | 42 | 42 | - | - |
| Check Image Exchange penalty (LCL) | 21 | 21 | - | - | 21 | 21 | - | - |
| Check Image Exchange penalty (RB) | 42 | 42 | - | - | 42 | 42 | - | - |
| **Total impact on revenues** | **388** | **306** | **485** | **360** | **356** | **283** | **564** | **418** |
| Creval integration costs (IRB) | - | - | (22) | (13) | - | - | (30) | (18) |
| Lyxor integration costs (AG) | - | - | (40) | (21) | - | - | (51) | (26) |
| Mobility activities reorganisation (SFS) | (18) | (13) | - | - | (18) | (13) | - | - |
| **Total impact on operating expenses** | **(18)** | **(13)** | **(63)** | **(34)** | **(18)** | **(13)** | **(81)** | **(44)** |
| Mobility activities reorganisation (SFS) | (85) | (61) | - | - | (85) | (61) | - | - |
| Provision for own equity risk Ukraine (IRB) | - | - | - | - | - | - | (195) | (195) |
| **Total impact on cost of credit risk** | **(85)** | **(61)** | **-** | **-** | **(85)** | **(61)** | **(195)** | **(195)** |
| Mobility activities reorganisation (SFS) | (12) | (12) | - | - | (12) | (12) | - | - |
| **Total impact equity-accounted entities** | **(12)** | **(12)** | **-** | **-** | **(12)** | **(12)** | **-** | **-** |
| Mobility activities reorganisation (SFS) | 28 | 12 | - | - | 28 | 12 | - | - |
| **Total impact on Net income on other assets** | **28** | **12** | **-** | **-** | **28** | **12** | **-** | **-** |
| Reclassification of held-for-sale operations (IRB) | - | - | (3) | (3) | - | - | (7) | (10) |
| **Total impact on Net income from discounted or held-for-sale operations** | **-** | **-** | **(3)** | **(3)** | **-** | **-** | **(7)** | **(10)** |
| Total impact of specific items | 301 | 232 | 419 | 322 | 269 | 209 | 281 | 169 |
| Asset gathering | - | - | (40) | (21) | - | - | (51) | (26) |
| French Retail banking | 63 | 63 | 371 | 275 | 63 | 63 | 446 | 331 |
| International Retail banking | - | - | (25) | (16) | - | - | (232) | (223) |
| Specialised financial services | 212 | 140 | - | - | 212 | 140 | - | - |
| Large customers | (16) | (12) | 79 | 59 | (47) | (35) | 65 | 48 |
| Corporate centre | 42 | 42 | 35 | 26 | 42 | 42 | 53 | 39 |

** Impact before tax and before non-controlling interests*

## Crédit Agricole S.A. – Specific Items Q2-23, Q2-22, H1-23 and H1-22

| €m | Q2-23 | | Q2-22 | | H1-23 | | H1-22 | |
|---|---|---|---|---|---|---|---|---|
| | 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) | (15) | (11) | 22 | 16 | (23) | (16) | (9) | (6) |
| Loan portfolio hedges (LC) | (1) | (1) | 57 | 41 | (25) | (18) | 74 | 53 |
| Home Purchase Savings Plans (FRB) | - | - | 29 | 20 | - | - | 34 | 24 |
| Home Purchase Savings Plans (CC) | - | - | 35 | 26 | - | - | 53 | 39 |
| Mobility activities reorganisation (SFS) | 299 | 214 | - | - | 299 | 214 | - | - |
| Check Image Exchange penalty (CC) | 42 | 42 | - | - | 42 | 42 | - | - |
| Check Image Exchange penalty (LCL) | 21 | 20 | - | - | 21 | 20 | - | - |
| **Total impact on revenues** | **346** | **264** | **143** | **104** | **315** | **241** | **152** | **111** |
| Mobility activities reorganisation (SFS) | (18) | (13) | - | - | (18) | (13) | - | - |
| Creval integration costs (IRB) | - | - | (22) | (12) | - | - | (30) | (16) |
| Lyxor integration costs (AG) | - | - | (40) | (21) | - | - | (51) | (26) |
| **Total impact on operating expenses** | **(18)** | **(13)** | **(63)** | **(32)** | **(18)** | **(13)** | **(81)** | **(42)** |
| Provision for own equity risk Ukraine (IRB) | - | - | - | - | - | - | (195) | (195) |
| Mobility activities reorganisation (SFS) | (85) | (61) | - | - | (85) | (61) | - | - |
| **Total impact on cost of credit risk** | **(85)** | **(61)** | **-** | **-** | **(85)** | **(61)** | **(195)** | **(195)** |
| Mobility activities reorganisation (SFS) | (12) | (12) | - | - | (12) | (12) | - | - |
| **Total impact equity-accounted entities** | **(12)** | **(12)** | **-** | **-** | **(12)** | **(12)** | **-** | **-** |
| Mobility activities reorganisation (SFS) | 28 | 12 | - | - | 28 | 12 | - | - |
| **Total impact Net income on other assets** | **28** | **12** | **-** | **-** | **28** | **12** | **-** | **-** |
| Reclassification of held-for-sale operations (IRB) | - | - | (3) | (3) | - | - | (7) | (10) |
| **Total impact on Net income from discounted or held-for-sale operations** | **-** | **-** | **(3)** | **(3)** | **-** | **-** | **(7)** | **(10)** |
| ***Total impact of specific items*** | ***259*** | ***190*** | ***77*** | ***68*** | ***227*** | ***167*** | ***(131)*** | ***(136)*** |
| *Asset gathering* | *-* | *-* | *(40)* | *(21)* | *-* | *-* | *(51)* | *(26)* |
| *French Retail banking* | *21* | *20* | *29* | *20* | *21* | *20* | *34* | *24* |
| *International Retail banking* | *-* | *-* | *(25)* | *(15)* | *-* | *-* | *(232)* | *(221)* |
| *Specialised financial services* | *212* | *140* | *-* | *-* | *212* | *140* | *-* | *-* |
| *Large customers* | *(16)* | *(11)* | *79* | *57* | *(47)* | *(34)* | *65* | *47* |
| *Corporate centre* | *42* | *42* | *35* | *26* | *42* | *42* | *53* | *39* |

** Impact before tax and before non-controlling interests*

# Appendix 2 – Crédit Agricole Group: results by business lines

## Credit Agricole Group – Results by business line, Q2-23 and Q2-22

| | Q2-23 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| €m | RB | LCL | IRB | AG | SFS | LC | CC | Total |
| **Revenues** | **3,353** | **959** | **1,005** | **1,741** | **1,162** | **1,905** | **(578)** | **9,546** |
| Operating expenses excl. SRF | (2,448) | (554) | (520) | (715) | (430) | (1,038) | 471 | (5,233) |
| SRF | 2 | 6 | (0) | (0) | 2 | 2 | (6) | 6 |
| **Gross operating income** | **907** | **411** | **485** | **1,026** | **735** | **869** | **(113)** | **4,319** |
| Cost of risk | (405) | (69) | (125) | (0) | (304) | (32) | (3) | (938) |
| Cost of legal risk | - | - | - | - | - | - | - | - |
| Equity-accounted entities | 0 | - | 0 | 27 | 11 | 7 | (0) | 46 |
| Net income on other assets | 4 | 2 | 0 | 0 | 26 | 0 | (0) | 33 |
| **Income before tax** | **507** | **345** | **361** | **1,053** | **468** | **844** | **(116)** | **3,460** |
| Tax | (93) | (76) | (105) | (245) | (143) | (174) | 63 | (772) |
| Net income from discont'd or held-for-sale ope. | - | - | 3 | 1 | 0 | - | - | 4 |
| **Net income** | **413** | **269** | **259** | **809** | **325** | **670** | **(53)** | **2,692** |
| Non controlling interests | (0) | 0 | (39) | (122) | (21) | (34) | 5 | (211) |
| **Net income Group Share** | **413** | **269** | **220** | **687** | **304** | **635** | **(48)** | **2,481** |

| | Q2-22 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| €m | RB | LCL | AG | IRB | SFS | LC | CC | Total |
| **Revenues** | **3,738** | **1,010** | **1,189** | **830** | **685** | **1,970** | **(573)** | **8,849** |
| Operating expenses excl. SRF | (2,359) | (572) | (726) | (517) | (360) | (959) | 497 | (4,996) |
| SRF | 3 | (3) | 0 | (8) | 1 | (1) | (0) | (8) |
| **Gross operating income** | **1,382** | **435** | **463** | **305** | **326** | **1,010** | **(76)** | **3,845** |
| Cost of risk | (411) | (43) | (4) | (118) | (112) | 76 | (3) | (615) |
| Cost of legal risk | - | - | - | - | - | - | - | - |
| Equity-accounted entities | 1 | - | 21 | 0 | 78 | 3 | 0 | 103 |
| Net income on other assets | 11 | 5 | 2 | 6 | (2) | (1) | 0 | 22 |
| **Income before tax** | **982** | **397** | **482** | **194** | **290** | **1,088** | **(79)** | **3,355** |
| Tax | (213) | (94) | (147) | (55) | (60) | (204) | 3 | (771) |
| Net income from discont'd or held-for-sale ope. | - | - | 11 | 11 | 1 | - | 0 | 23 |
| **Net income** | **768** | **303** | **347** | **149** | **231** | **884** | **(76)** | **2,607** |
| Non controlling interests | (0) | (2) | (91) | (27) | (30) | (27) | 1 | (176) |
| **Net income Group Share** | **768** | **301** | **256** | **123** | **201** | **858** | **(76)** | **2,431** |

# Credit Agricole Group – Results by business line, H1-23 and H1-22

| | H1-23 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| €m | RB | LCL | IRB | AG | SFS | LC | CC | Total |
| **Revenues** | **6,686** | **1,895** | **1,994** | **3,486** | **1,834** | **3,956** | **(1,378)** | **18,473** |
| Operating expenses excl. SRF | (4,889) | (1,153) | (1,020) | (1,430) | (800) | (2,159) | 935 | (10,517) |
| SRF | (111) | (44) | (40) | (6) | (29) | (312) | (77) | (620) |
| **Gross operating income** | **1,686** | **698** | **934** | **2,050** | **1,005** | **1,485** | **(521)** | **7,337** |
| Cost of risk | (577) | (135) | (240) | (1) | (463) | (68) | (3) | (1,486) |
| Equity-accounted entities | 7 | - | 1 | 49 | 85 | 11 | (0) | 153 |
| Net income on other assets | 6 | 2 | 0 | 0 | 25 | 5 | (1) | 37 |
| Change in value of goodwill | - | - | - | - | - | - | - | - |
| **Income before tax** | **1,122** | **566** | **695** | **2,098** | **652** | **1,433** | **(525)** | **6,042** |
| Tax | (289) | (138) | (203) | (475) | (177) | (358) | 157 | (1,483) |
| Net income from discontinued or held-for-sale operations | - | - | 5 | 1 | 0 | - | - | 6 |
| **Net income** | **833** | **428** | **497** | **1,624** | **475** | **1,075** | **(368)** | **4,565** |
| Non controlling interests | (0) | (0) | (79) | (233) | (44) | (54) | (4) | (415) |
| **Net income Group Share** | **833** | **428** | **418** | **1,390** | **431** | **1,021** | **(372)** | **4,150** |

| | H1-22 (stated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| €m | RB | LCL | AG | IRB | SFS | LC | CC | Total |
| **Revenues** | **7,425** | **1,996** | **2,757** | **1,634** | **1,372** | **3,692** | **(1,147)** | **17,730** |
| Operating expenses excl. SRF | (4,685) | (1,168) | (1,425) | (1,018) | (726) | (1,927) | 872 | (10,078) |
| SRF | (156) | (69) | (7) | (38) | (34) | (442) | (56) | (803) |
| **Gross operating income** | **2,584** | **759** | **1,324** | **578** | **612** | **1,323** | **(331)** | **6,850** |
| Cost of risk | (557) | (104) | (5) | (393) | (237) | (202) | (6) | (1,503) |
| Equity-accounted entities | 5 | - | 41 | 1 | 158 | 6 | - | 211 |
| Net income on other assets | 24 | 5 | 3 | 6 | (2) | (1) | (0) | 35 |
| Change in value of goodwill | - | - | - | - | - | - | - | - |
| **Income before tax** | **2,056** | **659** | **1,363** | **193** | **532** | **1,127** | **(337)** | **5,592** |
| Tax | (516) | (175) | (330) | (112) | (114) | (279) | 53 | (1,474) |
| Net income from discontinued or held-for-sale operations | - | - | 10 | 12 | 2 | - | 0 | 25 |
| **Net income** | **1,540** | **484** | **1,043** | **92** | **420** | **847** | **(285)** | **4,143** |
| Non controlling interests | (1) | (2) | (206) | (57) | (56) | (36) | (4) | (362) |
| **Net income Group Share** | **1,540** | **482** | **837** | **35** | **364** | **811** | **(289)** | **3,781** |

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

## Crédit Agricole S.A. – Results by business line, Q2-23 et Q2-22

| €m | Q2-23 (stated) | | | | | | |
|---|---|---|---|---|---|---|---|
| | AG | LC | SFS | FRB (LCL) | IRB | CC | Total |
| **Revenues** | **1,732** | **1,906** | **1,162** | **959** | **982** | **(66)** | **6,676** |
| Operating expenses excl. SRF | (715) | (1,038) | (430) | (554) | (503) | 21 | (3,218) |
| SRF | (0) | 2 | 2 | 6 | (0) | (6) | 4 |
| **Gross operating income** | **1,017** | **869** | **735** | **411** | **479** | **(51)** | **3,461** |
| Cost of risk | (0) | (32) | (304) | (69) | (127) | (2) | (534) |
| Equity-accounted entities | 27 | 7 | 11 | - | 0 | (19) | 27 |
| Net income on other assets | 0 | 0 | 26 | 2 | 0 | - | 29 |
| **Income before tax** | **1,045** | **844** | **468** | **345** | **353** | **(71)** | **2,983** |
| Tax | (246) | (174) | (143) | (76) | (103) | 65 | (677) |
| Net income from discontinued or held-for-sale operations | 1 | - | 0 | - | 3 | - | 4 |
| **Net income** | **799** | **670** | **325** | **269** | **252** | **(6)** | **2,309** |
| Non controlling interests | (123) | (48) | (21) | (12) | (55) | (10) | (269) |
| **Net income Group Share** | **676** | **622** | **304** | **257** | **197** | **(16)** | **2,040** |

| €m | Q2-22 (stated) | | | | | | |
|---|---|---|---|---|---|---|---|
| | AG | LC | SFS | FRB (LCL) | IRB | CC | Total |
| **Revenues** | **1,174** | **1,971** | **685** | **1,010** | **812** | **(33)** | **5,619** |
| Operating expenses excl. SRF | (727) | (959) | (360) | (572) | (502) | (3) | (3,123) |
| SRF | 0 | (1) | 1 | (3) | (8) | (0) | (11) |
| **Gross operating income** | **447** | **1,011** | **326** | **435** | **302** | **(36)** | **2,485** |
| Cost of risk | (4) | 76 | (112) | (43) | (117) | (3) | (202) |
| Equity-accounted entities | 21 | 3 | 78 | - | 0 | (9) | 94 |
| Net income on other assets | 2 | (1) | (2) | 5 | 6 | 0 | 11 |
| **Income before tax** | **467** | **1,090** | **290** | **397** | **191** | **(48)** | **2,387** |
| Tax | (143) | (204) | (60) | (94) | (55) | 6 | (549) |
| Net income from discontinued or held-for-sale operations | 11 | - | 1 | - | 11 | 0 | 23 |
| **Net income** | **335** | **885** | **231** | **303** | **147** | **(41)** | **1,861** |
| Non controlling interests | (93) | (43) | (30) | (12) | (35) | (11) | (225) |
| **Net income Group Share** | **242** | **843** | **201** | **291** | **113** | **(52)** | **1,636** |

## Crédit Agricole S.A. – Results by business line, H1-23 et H1-22

| | H1-23 (stated) | | | | | | |
|---|---|---|---|---|---|---|---|
| **€m** | **AG** | **LC** | **SFS** | **FRB (LCL)** | **IRB** | **CC** | **Total** |
| **Revenues** | **3,478** | **3,957** | **1,834** | **1,895** | **1,951** | **(318)** | **12,797** |
| Operating expenses excl. SRF | (1,430) | (2,159) | (800) | (1,153) | (987) | (18) | (6,546) |
| SRF | (6) | (312) | (29) | (44) | (40) | (77) | (509) |
| **Gross operating income** | **2,042** | **1,486** | **1,005** | **698** | **924** | **(413)** | **5,741** |
| Cost of risk | (1) | (68) | (463) | (135) | (241) | (0) | (908) |
| Equity-accounted entities | 49 | 11 | 85 | - | 1 | (33) | 113 |
| Net income on other assets | 0 | 5 | 25 | 2 | 0 | - | 33 |
| Change in value of goodwill | - | - | - | - | - | - | - |
| **Income before tax** | **2,090** | **1,433** | **652** | **566** | **684** | **(447)** | **4,979** |
| Tax | (478) | (358) | (177) | (138) | (201) | 153 | (1,199) |
| Net income from discontinued or held-for-sale operations | 1 | - | 0 | - | 5 | - | 6 |
| **Net income** | **1,613** | **1,076** | **475** | **428** | **488** | **(293)** | **3,786** |
| Non controlling interests | (239) | (77) | (44) | (19) | (113) | (27) | (520) |
| **Net income Group Share** | **1,374** | **998** | **431** | **409** | **375** | **(321)** | **3,266** |

| | H1-22 (stated) | | | | | | |
|---|---|---|---|---|---|---|---|
| **€m** | **AG** | **LC** | **SFS** | **FRB (LCL)** | **IRB** | **CC** | **Total** |
| **Revenues** | **2,743** | **3,694** | **1,372** | **1,996** | **1,599** | **(201)** | **11,203** |
| Operating expenses excl. SRF | (1,425) | (1,927) | (726) | (1,168) | (988) | (22) | (6,256) |
| SRF | (7) | (442) | (34) | (69) | (38) | (56) | (647) |
| **Gross operating income** | **1,311** | **1,325** | **612** | **759** | **572** | **(279)** | **4,300** |
| Cost of risk | (5) | (202) | (237) | (104) | (390) | (4) | (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** | **1,349** | **1,128** | **532** | **669** | **189** | **(301)** | **3,567** |
| Tax | (326) | (280) | (114) | (175) | (112) | 57 | (950) |
| Net income from discontinued or held-for-sale operations | 10 | - | 2 | - | 12 | 0 | 24 |
| **Net income** | **1,033** | **848** | **420** | **493** | **90** | **(244)** | **2,641** |
| Non controlling interests | (213) | (49) | (56) | (20) | (77) | (19) | (434) |
| **Net income Group Share** | **820** | **800** | **364** | **473** | **13** | **(263)** | **2,207** |

# Appendix 4 – Data per share

## Crédit Agricole S.A. – Bénéfice par action, actif net par action et RoTE

Crédit Agricole S.A. - data per share

| (€m) | | Q2-2023 IFRS17 | Q2-2022 IFRS4 | H1-23 IFRS17 | H1-22 IFRS4 |
|---|---|---|---|---|---|
| Net income Group share - stated | | 2,040 | 1,976 | 3,266 | 2,528 |
| - Interests on AT1, including issuance costs, before tax | | (94) | (86) | (235) | (208) |
| NIGS attributable to ordinary shares - stated | [A] | 1,946 | 1,890 | 3,031 | 2,320 |
| Average number shares in issue, excluding treasury shares (m) | [B] | 3,025 | 3,023 | 3,024 | 2,965 |
| **Net earnings per share - stated** | **[A]/[B]** | **0.64 €** | **0.63 €** | **1.00 €** | **0.78 €** |
| Underlying net income Group share (NIGS) | | 1,850 | 1,908 | 3,100 | 2,665 |
| Underlying NIGS attributable to ordinary shares | [C] | 1,756 | 1,822 | 2,865 | 2,457 |
| **Net earnings per share - underlying** | **[C]/[B]** | **0.58 €** | **0.60 €** | **0.95 €** | **0.83 €** |

| (€m) | | 30/06/2023 IFRS17 | 30/06/2022 IFRS4 |
|---|---|---|---|
| Shareholder's equity Group share | | 67,879 | 64,417 |
| - AT1 issuances | | (7,235) | (5,986) |
| - Unrealised gains and losses on OCI - Group share | | 1,352 | 2,006 |
| - Payout assumption on annual results* | | - | - |
| **Net book value (NBV), not revaluated, attributable to ordin. sh.** | **[D]** | **61,997** | **59,288** |
| - Goodwill & intangibles** - Group share | | (17,077) | (18,345) |
| **Tangible NBV (TNBV), not revaluated attrib. to ordinary sh.** | **[E]** | **44,920** | **40,943** |
| Total shares in issue, excluding treasury shares (period end, m) | [F] | 3,024.7 | 3,022.9 |
| NBV per share , after deduction of dividend to pay (€) | [D]/[F] | 20.5 € | 19.6 € |
| TNBV per share, after deduction of dividend to pay (€) | [G]=[E]/[F] | 14.9 € | 13.5 € |

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

| (€m) | | H1-23 IFRS17 | H1-22 IFRS4 |
|---|---|---|---|
| Net income Group share - stated | [K] | 3,266 | 2,528 |
| Impairment of intangible assets | [L] | 0 | 0 |
| IFRIC | [M] | -542 | -682 |
| Stated NIGS annualised | [N] = ([K]-[L]-[M])*2+[M] | 7,075 | 5,738 |
| Interests on AT1, including issuance costs, before tax, annualised | [O] | -470 | -416 |
| Stated result adjusted | [P] = [N]+[O] | 6,605 | 5,322 |
| Tangible NBV (TNBV), not revaluated attrib. to ord. sh. - avg (1) | [J] | 42,778 | 40,195 |
| Stated ROTE adjusted(2) (%) | = [P] / [J] | 15.4% | 13.2% |
| Underlying Net income Group share | [Q] | 3,100 | 2,665 |
| Underlying NIGS annualised | [R] = ([Q]-[M])*2+[M] | 6,741 | 6,011 |
| Underlying NIGS adjusted | [S] = [R]+[O] | 6,271 | 5,595 |
| Underlying ROTE adjusted(2)(%) | = [S] / [J] | 14.7% | 13.9% |

*(1) Average of the NTBV not revalued attributable to ordinary shares calculated between 31/12/2022 and 30/06/2023*

*(2) ROTE calculated on the basis of an annualised net income Group share and linearised IFRIC costs over the year*

# Alternative Performance Indicators[87]

## 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

*[87] APMs are financial indicators not presented in the financial statements or defined in accounting standards but used in the context of financial communications, such as underlying net income Group share or RoTE. They are used to facilitate the understanding of the company's actual performance. Each APM indicator is matched in its definition to accounting data.*

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). Are eligible for the numerator of the total MREL ratio 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 Group's regulatory capital as well as subordinated notes and eligible senior non-preferred debt with residual maturities of more than one year issued by Crédit Agricole S.A. are eligible for the numerator of the TLAC ratio.

## 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) in order to facilitate the understanding of the company's actual earnings.

## 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 issuance 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 for second quarter and first half 2023 for Crédit Agricole S.A. and Crédit Agricole Group comprises this press release and the presentation slides and related appendices, all of which are available at https://www.credit-agricole.com/en/finance/financial-publications.*

*This press release 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 2023 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. 2022 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 2023, Crédit Agricole Auto Bank is the name of the new entity formed from the takeover of 100% of FCA Bank by Crédit Agricole Consumer Finance. Crédit Agricole Auto Bank is fully consolidated in the Crédit Agricole S.A. consolidated financial statements.*

*At 30 June 2023, Leasys is the new joint subsidiary between CACF and Stellantis. This entity is consolidated using the equity accounted method in the Crédit Agricole S.A. consolidated financial statements*

# Financial Agenda

| | |
|---|---|
| 8 November 2023 | Publication of the 2023 third quarter and first 9 months results |
| 8 February 2024 | Publication of the 2023 fourth quarter and full year results |
| 03 May 2024 | Publication of the 2024 first quarter results |
| 22 May 2024 | General Meeting |
| 1 August 2024 | Publication of the 2024 second quarter and the first half year results |
| 6 November 2024 | Publication of the 2024 third quarter and first 9 months results |

# Contacts

## CREDIT AGRICOLE PRESS CONTACTS


| | | |
|---|---|---|
| Alexandre Barat | + 33 1 57 72 12 19 | alexandre.barat@credit-agricole-sa.fr |
| Olivier Tassain | + 33 1 43 23 25 41 | olivier.tassain@credit-agricole-sa.fr |
| Mathilde Durand | + 33 1 57 72 19 43 | mathilde.durand@credit-agricole-sa.fr |
| Bertrand Schaefer | +33 (0)1 49 53 43 76 | bertrand.schaefer@ca-fnca.fr |


## CREDIT AGRICOLE S.A. INVESTOR RELATIONS CONTACTS


| | | |
|---|---|---|
| Institutional shareholders | + 33 1 43 23 04 31 | investor.relations@credit-agricole-sa.fr |
| Individual shareholders | + 33 800 000 777 (freephone number – France only) | relation@actionnaires.credit-agricole.com |
| Cécile Mouton | + 33 1 57 72 86 79 | cecile.mouton@credit-agricole-sa.fr |
| **Equity investor relations:** | | |
| Jean-Yann Asseraf | + 33 1 57 72 23 81 | jean-yann.asseraf@credit-agricole-sa.fr |
| Fethi Azzoug | + 33 1 57 72 03 75 | fethi.azzoug@credit-agricole-sa.fr |
| Joséphine Brouard | + 33 1 43 23 48 33 | joséphine.brouard@credit-agricole-sa.fr |
| Oriane Cante | + 33 1 43 23 03 07 | oriane.cante@credit-agricole-sa.fr |
| Nicolas Ianna | + 33 1 43 23 55 51 | nicolas.ianna@credit-agricole-sa.fr |
| Leila Mamou | + 33 1 57 72 07 93 | leila.mamou@credit-agricole-sa.fr |
| Anna Pigoulevski | + 33 1 43 23 40 59 | anna.pigoulevski@credit-agricole-sa.fr |
| Annabelle Wiriath | + 33 1 43 23 55 52 | annabelle.wiriath@credit-agricole-sa.fr |
| **Credit investor and rating agency relations:** | | |
| Rhita Alami Hassani | + 33 1 43 23 15 27 | rhita.alamihassani@credit-agricole-sa.fr |
| Florence Quintin de Kercadio | + 33 1 43 23 25 32 | florence.quintindekercadio@credit-agricole-sa.fr |


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

Crédit_Agricole   Crédit Agricole Group   créditagricole_sa